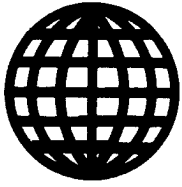


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BSP Approach to Trade Unions Analyzed

92BA1215B Sofia DUMA in Bulgarian 1 Jul 92 p 4

[Article by Yanaki Stoilov: "The Bulgarian Socialist Party Wants To Work With Competent Trade Unions Not Subordinate to Political Directives"]

[Text] *The BSP [Bulgarian Socialist Party] neither can nor should play the role of a breaker or maker of trade unions. If, under conditions of trade union pluralism, the objective need appears to form new trade unions, they will be created without any special directive issued by the BSP, Yanaki Stoilov emphasized at the meeting of the Higher Party Council [VPS] held last Saturday. The plenum rated the historical experience of creating class-oriented trade unions as unsuccessful and terminated internal party debates on the topic of a "red" trade union.*

We have no reason to rate trade unions either on the basis of political features—as red, blue, orange, and so on—or economic factors—right-wing, left-wing, or centrist, Stoilov noted. The BSP will offer cooperation and interaction to the trade unions that work most competently or according to the practical problems they must solve.

The Socialists would be pleased if the currently existing or newly established trade unions became their allies. However, the report states, it must be clear that they will be independent. The report also formulates the initial concepts of BSP policy toward the trade unions: the organizational and political independence of the trade unions, trade union pluralism, development of a broad system of bodies for trilateral social partnership, and the free choice of trade unions by the Socialists.

The left-wing social platform offered by the BSP is the foundation for its interaction with the trade unions. This does not mean selecting a trade union with similar political orientation, the more so since the "right-wing nature of the social transition makes all trade union structures inevitably left-wing," Yanaki Stoilov said. According to him, this is virtually a universal belief. Consequently, the choice of a trade union partner is based not on party features and ideological similarity, but on the party's opposition activities in social and political areas.

According to the speaker, the repressive restoration and antisocial policy of the rulers, a policy that in practice leaves entire trade union strata (pensioners, the disabled, students, and small owners) without even minimal protection, provides grounds for interaction between the party and a trade union.

The study of the VPS seeks an answer to the following question:

Why is it that, despite its antinational course, the SDS [Union of Democratic Forces] benefits from trade union support in the majority of cases?

Anticommunism is the dominant reason, according to Yanaki Stoilov. Within the Podkrepa KT [Labor Confederation], it is one of the main prerequisites for the creation and existence of the confederation. The anti-communism of the KNSB [Confederation of Independent Trade Unions in Bulgaria] is, on the one hand, the result of fashion, and, on the other, a prerequisite for avoiding accusations of having formerly been an official procommunist formation. According to Stoilov, both centers automatically shifted their anticommunism to the BSP, regardless of reasons to this effect.

In his view, another reason is that the trade unions reached the conclusion that a right-wing economic reform is objectively needed, a reform that the SDS alone has the moral right and possibility of accomplishing. Furthermore, the more to the right it is, the more hired labor will need trade union protection. Consequently, the trade union authorities and trade union machinery and leadership could also gain advantages by criticizing such a reform. (The KNSB representative who attended the plenum later informally expressed his categorical disagreement with this suspicion.)

However, the policy pursued by the SDS government brought about not simply a right-wing economic reform but also a dislocation of the economy and its foundations and management, the report further stated. Crossing the permissible threshold of dislocation led a high percentage of citizens to a level of despair and mistrust in the fact that trade unions could somehow protect them, for which reason they left them.

It will be objectively necessary for the trade unions to address themselves to the alternatives offered by the BSP and the other centrists and left-of-center parties, the speaker concluded.

The trade unions may find a serious, strong, and objectively necessary ally in the BSP, the Socialists believe. The advantages offered by the economic policy proposed by the BSP are grounds for such a claim.

The materials presented at the plenum single out three levels of interaction between the party and the trade unions: in drafting legislation, in working with the executive bodies, and in working with the enterprises.

In the first, preliminary consultations with the trade unions are possible, hearing their considerations on draft laws in the parliamentary group or commission and joint formulation of draft bills and other legal acts. On the level of the executive powers (the government and local authorities), interests are protected through the respective ways and means of trilateral social partnership. On the enterprise level, they are protected through collective labor contracts.

Obviously, the rights and the interests of citizens could best be protected when activities are synchronized on all three levels, Yanaki Stoilov emphasized.

The BSP is ready to coordinate its policies with the other parties. What is required is only an agreement on principle that no effort shall be made to politicize the trade unions and that trade union activities and actions shall not be used for political purposes.

The plenum recommended that Socialists resume their membership in trade union organizations and become active trade unionists. According to Mincho Minchev, the leader of the "Marxist Platform," this was an instruction to take over the trade unions from within, and he recommended "a shorter way," that of setting up our own trade union.

According to Yanaki Stoilov, however, it is a question not of capturing the trade unions but of "re-trade-unionization" of the party.

This concept should not be interpreted as a process of transforming political functions into trade union ones. The party has no intention of turning into a trade union, Stoilov explained. The BSP will try to resolve the citizens' social and economic problems through political means and through interaction with the trade unions. In this process, however, whether it wishes it or not, it will receive "a certain dose of trade-unionism." In some cases, it will have to operate through trade union methods, inasmuch as other authorities are unavailable when resolving a specific problem. On the other hand, the basic party organizations catering to individual interests can only do good work provided they deal with the relevant problems of the labor collectives. As a rule, these relate to the labor-legal, economic, and social interests of the people, and the resolution of such problems is essentially possible through the efforts of trade unions. Consequently, for their actions to be successful, the Socialists must also become active trade unionists. Personal involvement with trade unions on the part of the Socialists actually means the re-trade-unionization of the party, Yanaki Stoilov emphasized.

Varna Company Reorganized; Sells Ship Radars

*92BA1255B Sofia DELOVI SVYAT in Bulgarian
17 Jul 92 p 3*

[Article by Mariana Khristova: "The Ship Sinks With the Best Radars On Board!"]

[Text] EOOD "Cherno More" of Varna is registered as the legal successor to the "Elektron"-Varna Combinat and the "Electron" Institute, the heir of their assets and liabilities. The capital of the company is (according to the registration) a statutory fund of 44,057,000 leva.

The subject of activity is the old one: production of river and ocean radar stations, navigation facilities, satellite telecommunications equipment, medical apparatus, specialized technological equipment, home electronics, and electrical equipment.

At one time, more than 100 types of items were produced here, basically for special deliveries for the

Warsaw Pact. The annual export was on the order of 160-180 million leva. Today, Cherno More-Varna has been brought to court by its creditors in order to begin the procedure of declaring it to be insolvent. By 30 April of this year, its debts to the Commercial Bank (TB) of Varna were 191,044,000 leva (the principal with interest from January 1991 to the end of April of this year). Of this sum, 130,587,000 leva are credits used for building mobilization capacities and creating mobilization reserves.

In March of this year, EOOD-Cherno More signed a contract with Germany for selling protective radars over the course of four years. The value of the contract is more than \$8 million.

They have a contract with the Dutch company Sperry Marine for exporting river radars for over a million and a half dollars. They will export radars to Russia, a deal for over \$1 million.

These are signed contracts on which work is being performed. The contracts and the work on the four plants exchanged with Russia are not included in these deals. The volume of these deals, even the smaller one, is not without significance....

Cherno More-Varna is waiting for a solution to its problem, as are all other business establishments in the military-industrial complex. With payment for products recently exported to the USSR, this is a matter of 25 million leva....

The military-industrial complex has been waiting in this way since 8 April for the government to announce its decision concerning the credit indebtedness of the industry. At least the prime minister himself promised this after the vote for the budget and the scandal with the rejection of the proposal for the credits in question to be transformed into a national debt. Then, Mr. Filip Dimitrov paternally promised that these credits would be the first ones that would hit the point of "nationalization of credits of state companies up to 5 billion leva." (That is, a special text was not necessary.) For three months, nothing like this happened. There is no development, and the promise of the new deputy prime minister Mr. Ilko Eskenazi that the companies that have a program for getting out of the crisis have contracts and perspectives will be helped with nationalization of part of the credits, with deferment of the payments....

In Cherno More, they will be in a position to cope with a two-year freeze of payments and subsequent deferment thereof. In the meantime, they are proposing the transformation of the present EOOD into a corporation.

For nine months, the current leadership of EOOD-Cherno More has been working in "partisan" conditions, in practice, with blocked bank accounts. The people receive minimum wages, and the company owes them another 20 million leva of unpaid wages. Legally or not at all, the production in Cherno More is supported by payments in cash...and avoidance of any banks.

The advice of Deputy Prime Minister Ilko Eskenazi to the companies to appeal to the Council of Ministers for "temporary financial assistance" through the Ministry of Industry may be described by some as pure mockery. In the case of the presence of long-term contracts, with a stable presence on the international markets (the best river radars are produced in Varna), it is not clear what more a program for development has to include to satisfy Mr. Eskenazi.

According to the new evaluations, the EOOD-Cherno More possesses assets on the order of 1.2 billion leva. With restructuring of the production, it will need funds on the order of 700 million leva—that is, property for approximately a half-billion leva may be put up for auction. This will not only solve the credit woes of the company, but will also free the processes of privatization in this specific branch of industry, as it protects the national interests in the defense industry. However, for two months, there has been no one with whom to discuss this matter. The apprehension of the trade unions concerning layoffs in the case of an eventual transformation, such as the management proposed, are added to the dissatisfaction that no one from the Ministry of Industry is paying attention to them. The liquidation of the Ministry of Industry and Trade was carried out, the new structures were formed, and the people were named, but these people still do not have letters of appointment. Who then will accept any responsibility for solving a problem about which everyone quarrels with everyone else and where it is not known who is protecting whose interests and what the benefits are?

Also, it is possible to go on strike against the directors of the company. However, the choice is: "liquidation after declared insolvency, settling accounts with the creditors, and timid but stable production."

For a year and a half, the worst owner, the state, has not specified its position with respect to the most competitive and profitable branch of industry, the military-industrial complex.

Legal, Financial Aspects of Military Industry
92BA1255A Sofia DELOVI SVYAT in Bulgarian
17 Jul 92 p 3

[Unattributed article: "No One Will Talk About Lost Benefits...."]

[Text] The government tactic with respect to the internal debt of the various business establishments has already been formulated in the letter of intent to the International Monetary Fund of 11 March 1992, namely:

"The monitoring of the overdue accounts of the business establishments, which increased significantly during the past year, has to constitute a significant part of the discipline of the business establishments."

The creation of a system for monitoring the business establishments is provided for in this way.

"We are developing a plan for a systematic reduction in the overdue bills that currently exist and for control over their future increases. Our plan includes the establishment of punitive interest for overdue bills and the instructions to the leaders of the business establishments to suspend the deliveries of goods to establishments with overdue bills. Among the measures we envision in the future are:

"—Improvement in the system for payment between plants;

"—Automatic activity on a predetermined list of measures with respect to all business establishments, which have bills more than 30 days overdue;

"—Punishments for the managers of business establishments with chronic overdue bills (more than 60 days overdue), which will include deductions from their wages.

"In all circumstances, bank or budget financing will not be included as part of the solution of the problem of overdue bills. We recognize that the problem of overdue bills for a business establishment may be brought under control once and for all only by eliminating the failing businesses. As a goal, we intend to improve the bankruptcy regulations, for which at the moment appropriate legislation is being prepared. The progress in this area will be a basic factor in the examination of the program."

We still have no officially announced plans or mechanisms for solving the problems of the credit debt of our companies. (The first examination of the program passed.) Also, there are now new standards for regulating bankruptcies. However, for the four months of 1992, the overdue credits for capital investments increased from 17.9 percent to 58 percent of all investments, and, for six months, have already reached two-thirds of these credits. For the four months, the unpaid interest from the business establishments jumped from 2,069 million leva to 5,167 million leva.... The companies in the military industrial complex account for nearly half of this.

Not one of the 78 privately owned corporations with limited liability in this branch of industry received a single lev from Decree No. 244 of the Council of Ministers from 1991, with, which hard to collect and overdue credits, were transferred to the national debt. Nevertheless, the problem with the credit indebtedness of the military industry was examined in three reports sent to the Ministry of Defense in April, August, and December 1991. The National Assembly on Economics and the Commission for National Security have been occupied with this problem this year. Even the Budget Commission took a position in support of "nationalization of the debt," but this did not stop its chairman, Mr. Ventseslav Dimitrov, in reporting the budget for 1992 in the National Assembly, from asking the deputies not to accept the transformation of the credits for mobilization capacities and mobilization reserves for government liability. Is it not clear that, if these credits were not "de

facto" guaranteed by the state, then what are the criteria for obligations of the state toward our defense system?

However, it proved to be the case that the military-industrial complex is more tenacious than some people assumed, and even the directors of the companies in it, new and old, went and took one and the same position concerning the question. This is what led to the proposal of 37 SDS [Union of Democratic Forces] deputies to vote for the decision of the National Assembly on the matter of the credit indebtedness of the VPK [military industrial complex]. The decision provides for having the Council of Ministers pay from the budget (from the 5 billion leva in question) the debts of the state companies from the military-industrial complex to the commercial banks. The Ministry of Defense will see to it that the companies receive the money for products for the former Soviet Union exported last year, amounting to approximately \$50 million. If it is expected that our Minister of Finance will jump at these points, then "the obligation of the government to regulate and monitor the production and trade in military products to guarantee the contracts that have been concluded" surely will disturb the quiet of Mr. Filip Dimitrov. After the "BETA" deal with Syria had fallen through after the work of at least five more companies in this production chain had fallen through, such requests will not sound pleasant. However, Stefan Karadzhov's group (SDS) is prepared for a fight. We have to add the Podkrepa Labor Confederation and the U.S. ideas about conversion, which Mr. Asen Michkovski brought to us after his visit with the chief of the "Multigroup," Mr. Iliya Pavlov, to the parliamentary power.

The result is not sure for any of the parties. However, the lost benefits from this industrial power are the ultimate concern of everyone.

Finance Minister on Budget, Taxes, Reform

92BA1262A Sofia DEMOKRATSIYA in Bulgarian
16 Jul 92 pp 1, 5

[Interview with Finance Minister Ivan Kostov by Veselka Vasileva and Svetlana Krusteva; place and date not given: "If I Wanted To Be a Shrewd Politician, I Would Be a Weak Finance Minister"]

[Text] [Vasileva] In the middle of the year, you, Mr. Kostov, again have proved to be a hostage of the budget. Is there really a budget shock, or is the government continuing to implement the budget law passed by the parliament?

[Kostov] The budget in the middle of the year is being implemented fairly successfully, the "tax hole" notwithstanding. There is a loss from nonfinance organizations, from excises, but other revenues have compensated for the time being, and the revenues and the situation are comparatively stable. The budget was not a source of inflation. Second, the expenditures are made reasonably and economically, something also recognized by the inspection of the International Monetary Fund in June.

What does this mean? Limitation on the growth of the deficit and the possibility for the Cabinet to count on a better finish at the end of the year. Simply, we should not forget the seasonal cyclicity in our economy. However, the stagnation may deepen, and the loss of markets in Yugoslavia will have influence.

[Vasileva] The attacks against you are connected with your reluctance to increase the wages of those employed in the budget area.

[Kostov] The budget cannot answer every demand for redistribution of incomes of those employed in the budget area. This redistribution may be sought in the case of a dynamic economy, when the increasing revenues make it possible for you to give without taking from the others.

In the conditions of recession, the demand for redistribution is nothing but an increase in certain wages in exchange for taking funds from others. The government should not permit this because it would be a time bomb.

[Vasileva] Aren't you pulling someone else's chestnuts out of the fire now? The problems were clear at the time of the vote on the budget in the hall of the parliament.

[Kostov] The parliament passed a comparatively good budget law. A modest but strong law. If we let ourselves be trapped in the snares of social partnership, we will destroy the law. When Mr. Krusto Petkov speaks about a budget dictate, he is telling you that the government is subordinate to the law.... This specific law connects the state with the economy, with the monetary system. In a democratic state, the laws are obeyed and the trade unions have to swallow that.

The alternative would mean that you are paying for the political sins of this person or that person with unauthorized expenses. The communists did this during the 1980's. From the point of view of world financial institutions, stability is the most serious problem, and these institutions precisely are lending a hand and releasing credits.

[Vasileva] Are they accusing you of a mistaken tax policy?

[Kostov] There never was a tax system in Bulgaria. We have inherited bad laws. One of the most difficult tasks and the greatest challenge now is to prepare a new tax reform, a system valid for the decades ahead.

[Vasileva] Won't the new system shatter the reform again?

[Kostov] Reform is a risky policy, acceptance of responsibility, and it sustains shocks. Curative, not lethal shocks. The government must have the courage to carry out tax reform and the parliament to vote for the laws. It is necessary to take risks, as we take risks with the procedure for beginning to prepare the budget for 1993, if we want to sign an expanded agreement with the IMF.

[Vasileva] In your opinion, hasn't the government retreated from its firm policy, with a 26-percent increase in wages?

[Kostov] I did not give my consent to that increase. Our version was for a maximum increase of 21-22 percent. Those are comparatively safe levels, although there is no such term in economics. However, if the level of expenses shifts suddenly, that may cause a wave of inflation. The people go to the market with money, and, still, the goods there are insufficient. If I wanted to be a shrewd politician, I would smile at the 26 percent, but I warned that we are in the danger zone. If the economic situation gets worse, the people have to know where to seek the responsibility. Is it possible to seek it from the irresponsible trade unions? Even when they negotiate, they say to you: "Our people cannot like the contract." I wonder whose interests they are protecting and for what we are negotiating then....

[Vasileva] They accuse you of being an irreconcilable opponent of reducing the basic interest rate. Even the "hourly bulletins," connected with the retirement of Professor Vulchev and your imaginary war with him, were developed.

[Kostov] For two months, on the initiative of the ministry, we have been consulting with the economic ministers and members of the Board of Directors of the Bulgarian National Bank [BNB]. I was categorical: It is time to reduce the interest rate. The bank said a firm "no." I think that the people who supported the high interest rate now do not have to hide. They are all members of the council, with the exception of Prof. Todor Vulchev. According to my analysis, inflation has become an inflation of expenses. The Agency for Economic Development and Planning confirmed this. The manufacturer's prices remained below the prices of consumer goods, and the credits of the business establishments became increasingly more expensive. They want to begin to lower the interest rate gradually, step by step. And it will become clear to everyone that we are returning to a low interest rate and low inflation. They were criticizing me sharply up to the day on which the BNB made its decision. What had happened? The National Assembly closed the faucet of importing goods without excise duties and put the new protectionist customs tariff into effect, and, suddenly, the demand for a currency market and credits decreased. The speculative trading already cannot pay the high interest, and, in this situation, the BNB cannot support the drop of the credit market. In my opinion, this percentage is not of equal value even today.

[Vasileva] Were the "hourly bulletins" confused?

[Kostov] Let us look at the basis of the press group. These are Shestatsi [veterans of the Sixth Directorate] and the Kadesari [KDS (Committee for State Security)], former policemen, who have cheated people out of their money and have started businesses. In the twilight zone between the deficit and the normal market, they hoarded

large amounts of capital with cigars, sugar, and vegetable oil. Now they want the great inflation and new deficits to return. The market economy is not convenient for them. That is why they were interested in a weak finance minister. That is why Prof. Todor Vulchev had to be crushed.

[Vasileva] However, are you not quite far from the concept of a weak finance minister? How do you succeed in supporting a "form"?

[Kostov] There is a formula they gave me for Christmas. We are improving in two areas: in obstinacy and in patience. Because the obstinacy is finished, we will start with the patience. However, let us return to the press group. Its political yeast is the people close to the top, the second echelon. The people who were prepared to take power, and they literally took it out from under our own nose. Now, because the country is more stabilized, such a policy begins to look tempting. Is it possible for you not to curse your luck? Who is guilty? Ivan Kostov or Aleksandar Lilov, who holds them in a compact package?

[Vasileva] You have already declared that one and the same figure should not be at the head of the reform for a long time. Do you have other plans for yourself?

[Kostov] Yes. I will get things into a sufficiently completed form, and I will leave.

[Vasileva] Like Mr. Baltserovich?

[Kostov] No, he was not defended by his own political supporters. If political support from the SDS [Union of Democratic Forces] for me weakens, I will leave. I cannot completely sacrifice myself or my family for the sake of the government. And even the Finance Ministry will not always be an object of particular interest. In normal countries, little is said about finances. I can occupy myself with something else—become a colleague of yours, for example.

[Vasileva] Are you running from responsibility?

[Kostov] No. In the administration of the SDS, there are weak people who hide behind my back: Kostov does not give, Kostov does not sign. I am the minister who says bad things. However, our electorate understands very well how it is. I do not want to flirt with the weak and the poor.

[Vasileva] What do you have to accomplish before the new face appears in the economic team of the SDS government?

[Kostov] The tax reform must be completed before 31 December. Without it, we would not have a stable country. I will sign the expanded agreement with the fund in order to be clear where and at what speed the country will move. And the agreement with the bank creditors... Without it, Bulgaria cannot raise its sights higher. The great problem is the agreement, which gives us the possibility of turning into a prospering state and

not a banana republic. A bad agreement can be presented to the people as good by a corrupt political personality, by a so-called weak finance minister. I will not permit that.

I think Europe is ready to make a decision that will not leave Bulgaria in the backyard. That is the basic political factor that has to be utilized. At the last consultative meeting, the chairman of the council declared: "The banks have to be generous toward Bulgaria."

Foreign Ties of Stara Zagora Computer Company

92BA1249A Sofia 168 CHASA in Bulgarian
14 Jul 92 p 12

[Article by Toni Kozhukharova: "DZU Is the Sweetest Dream in Bulgarian Privatization"]

[Text] *The smoke around the Stara Zagora electronics giant is beginning to be reminiscent of the Chicago shoot-outs of the 1930's, in which two clans of one and the same Mafia annihilated each other.*

By what logic did we, the Bulgarian taxpayers, whose money is invested in this electronics giant, start to destroy the image of DZU at any price, not only in the eyes of others, but even in our own eyes, and then just when it was crossing the threshold to an open, deserved, and already explicit partnership with the leading circles in the world disk business? Is it not just "those" who squandered millions in Bulgaria and now want to destroy DZU in order to erase the evidence who stand behind this "logic"? Moreover, just at first glance the campaign against DZU may be identified with the "mixing-business-with-politics" syndrome. A more important observation reveals strange coincidences. If "comments" about "the money laundry" DZU begin to appear here and there in the press, we can be sure that a promising deal is about to be made. If it is thwarted, if the partners are hesitant, DZU will remain in isolation, it will collapse, so that it can be sold dirt cheap without any problems. There are many appetites, both domestic and foreign.

What DZU Represents

Except for IBM in Great Britain and several smaller facilities in Germany, DZU is the only "factory" of its kind and scale in Europe. It is a very interesting fact that, by 1995, it is predicted that there will be a European boom in the market for memory disks. Mr. Smartwete, vice president of Kaylok, acknowledged that DZU will be in a position to cover a demand of 100,000-150,000 devices monthly!—the scales in accordance with the forecast. And this is only one brush stroke in the portrait of "the factory."

Rarely do we pay attention to ourselves, but sometimes we are inclined to listen to others. This is what the president of Sony, a human legend in the electronics business, said on the occasion of his meeting at DZU in

1992: "Sony has nothing to teach the Bulgarians. They are able to do everything themselves." He is referring to "that project."

So where do we go from here? The problem is more a market problem than a production-technological one.

There are Two Propositions

The first gives preference to the independent path of development, which is more difficult in every respect—intellectually, technologically, and as regards the market. And more risky. But it should not be rejected.

The second proposition recommends ties to producers who already are in the market. Especially with the large transnational companies with global positions. The preliminary fears of the prospect of being swallowed appear to be slightly biased. This "swallowing" would immediately include us in the production, technology, and marketing chains of these giants. However, the management of DZU has found its approach in the formation of

The New Strategy

The orientation is toward companies with a good, promising product, which has yet to appear on the market, but with an explicit ambition for breaking into it. The corporation is a shareholder in some of them, as in the case of "that strategy": The Israeli DRA company is an example of this. DZU has received \$15 million up to now just from it ("that project"). Our ownership in this company has been established and restored, and it has been decided to activate it with an additional investment approved by the government. The management already is Bulgarian—that is, the control is complete and in all directions. The strategy is to break into the world market on the basis of the unique products of DRA. Intensive negotiations are being conducted with Japanese companies for granting rights to appear on the Japanese market. The products will be demonstrated at several prestigious international exhibitions in the fall. The plan is: The sale and development of products will be carried out there, and the production and the orders will be transferred to Stara Zagora. It is expected that, before the end of the year, DZU will actually be a producer of this equipment. Work, not dividends, is expected from DRA, and that in a process on the international level.

At the same time, contacts with the giant companies of the "electronic heart" of the United States, the Silicon Valley, are also active. DZU is negotiating with super-figures such as Steve Kazus, who made Seagate into one of the largest producers of disks in the world; John Scott, the founder of the disk business in the Silicon Valley; Budzhun [as transliterated], the director of IBM Havant, the largest disk producer in Great Britain.

After the contract with Kaylok, DZU is ready to start on four similar projects with companies from Japan, Germany, Great Britain, and the Netherlands.

However, electronics has a future in a country only if it has the

Rank of a State Policy

With one or two exceptions (shouldered with hesitation), the government stays away from the processes. The state is an owner. The squandering of a unique kind of know-how ("that project"), property of the state, was permitted. How much did Bulgaria lose from this? It appears that we still are not mature about such arithmetic. In the normal, civilized state, confidential information, around which such question marks are put, instead of raising the circulation of some newspaper or another, appear in the office of the prosecutor. The guilty parties are punished according to the law, and the interests of the state are protected.

Case No. 65 has already been collecting dust in the drawer of the Main Investigation Office for months. The state maintains an arrogant silence.

(But, in the meantime, according to certain Stara Zagora newspapers, the mysterious aroma of chicken and rice has spread into the stormy sky above DZU).

For inexplicable reasons, Order No. 120 of the Council of Ministers of August 1988 still has not been cancelled.

Silence also was the only reaction to the proposal for creating a "free zone" for producing high-technology products under preferential conditions, in accordance with our legislation, on the territory of DZU (DZ to the prime minister of 20 May of this year, publication No. 10-2800-501). The creation of a "free zone" would open broad opportunities for complex stimulation of the capabilities in the developed infrastructure of the business, a proposal that, evidently, deserves little more than silence.

It is necessary, perhaps, but it is definitely not sufficient for the companies to beat their heads against the walls. The state has to accept its responsibilities, not to command, as that totalitarian state did, but to "clear the terrain" with the mechanisms of the market economy. This is true because all of the remaining factors in DZU are apparent. To be able to implement the strategy of the government—first of all, to help those who first will be in a position to help the country get out of the crisis—it is necessary to make a commitment to encourage exports, attract foreign investments, open new market opportunities and awaken old ones. Because, in contrast to the idyllic opinions now widespread—that only with tourism, agriculture, and some light industries is it possible to ensure the welfare of the Bulgarian people—we must recognize that, without modern high-technology industries, it is not possible to solve the problem of the national wealth and the income of the people, or the problem of employment, the balance of payments, and exports. A calm and extensive analysis leads us to the conclusion that electronics, although not all electronic products, is the structural direction that, to a significant degree, matches the characteristics of our country. It is

not by accident that South Korea, Singapore, Taiwan, Hong Kong, and so forth, with resources similar to ours, have gone into electronics in their development. There are also examples in Europe: Denmark and the Netherlands have also treated their electronics industry as a priority activity.

Some More Facts

In "these" conditions of embargo restrictions and an orientation toward one single market, electronics consumed \$150-200 million, for which we received revenues amounting to approximately 3 billion rubles, primarily in the form of raw materials and fuels. After taking account of the monetary equivalence in the prices of these products, a rather favorable coefficient of conversion of the ruble is obtained.

Even in its good years, again in "those conditions," our agriculture, a branch of industry entirely built on national resources, consumed \$400 million—that is, two times more than electronics, for herbicides, chemical preparations, machines, equipment for the food industry, scientific equipment, and so forth—because intensification of production on the basis of the most modern Western technologies is demanded.

Our specialization, especially in the area of the disk industry, within the framework of CEMA was the result of really heated battles behind the thick curtain of friendship and mutual collaboration. Monopolists in this area, we dictated prices to the USSR (!) that were higher than world prices—for the disks and tape memories, for electronic products for the Armed Forces—and communications. Attempts to break up the Bulgarian monopoly were constantly being made by the former GDR, Czechoslovakia, and Poland. And the USSR as a primary customer during the entire period encouraged these attempts....

Now is the time for the government to accept its responsibilities. The unambitious government of an ambitious nation.

On the threshold of privatization, DZU has to remain stable as a prospering company that makes solid contracts with leading companies in the world disk business, with its new strategy and with stable market positions. The price should be quite different. That is the way for DZU to remain a Bulgarian company.

And DZU has to remain a Bulgarian company. With foreign partners, but Bulgarian.

Chairman of Industrialists Union Criticizes Laws 92BA1216A Sofia DUMA in Bulgarian 1 Jul 92 p 6

[Interview with Dimitur Saruivanov, chairman of the General Union of Bulgarian Industrialists, by Chavdar Krustev; place and date not given: "The New Economic Laws Are of No Practical Value Whatsoever"]

[Text] [Krustev] Mr. Saruivanov, why was the union restored only now, rather than in the spring of 1990? Was this delay due to some kind of fear of a long accumulation of negative attitudes toward private entrepreneurs?

[Saruivanov] No! "Tactical" expectations had nothing to do with it. What we needed was a legal restoration of the reality of the industrialists, the private producer and his property. As to the people's attitude, the people are fed up with irresponsibility. The workers are welcoming us with a feeling of hope. They are relying on the interests of the owner to ensure more sensible management, which would increase their salaries.

[Krustev] I have read virtually all of the interviews you have given lately. I recall your thought: "We want to produce, but we are obstructed." Who specifically is obstructing you?

[Saruivanov] The laws.

[Krustev] In what way? The general opinion is that the laws favor you.

[Saruivanov] Nothing of the sort. For the time being, the economic laws that were passed are of only juridical rather than of practical value. Their impressive titles can satisfy only the deputies and those who dictate their conditions to Bulgaria.

[Krustev] Please explain.

[Saruivanov] In themselves, the laws do not include their practical application. The Council of Ministers is given the possibility of issuing a great variety of documents on their application, which could lead to interpretations such as the devil may have about the Bible.

[Krustev] In that case, then all they have is propaganda value?

[Saruivanov] Precisely. However, propaganda produces nothing. According to the Law on Restitution, the only things that were restored to me were the premises, the buildings, the walls, the land, and a fence. Many of them are in despicable condition. Nowhere is mention made of compensation for the machines that were confiscated, used, amortized, and written off. They are preparing me to be not a producer but, rather, a receiver of dividends. This is fatal, less for me than for our country. The rent the present enterprises will be paying me will merely increase the price of the goods. This has always been a direct road to inflation. I cannot directly participate in production because of a lack of starting capital. Bank loans are such that they can be repaid only by speculators. Capital turnover in industry is much slower, and such loans would lead me into bankruptcy, particularly when the real market for Bulgarian goods—Russia—has been closed by economically illiterate politicians. And, if I declare bankruptcy, my assets could be purchased at infinitely lower prices by them, on whom the Law on Foreign Investments does not place any restrictions. Neither upper nor lower limits have been set for foreign

capital investments. We need not just any laws, but also laws that would protect domestic producers.

[Krustev] Just a moment. The ideologues of liberalism would object to that, saying that the scourge of the market mechanism would force you to immediately amend your prices and quality. To successfully compete against...

[Saruivanov] My dear sir, quality and price are corrected on the basis of new technologies, for which the Bulgarian industrialist today, with his restitutions, lacks the necessary capital. Capital is found among those supported by the Law on Foreign Investments! This is a fanatical, impersonal liberalism, particularly in the case of small and developing countries, serving exclusively the interests of world monopolists and, de facto, leading its own nations toward poverty.

[Krustev] However, those who run Bulgaria today claim that any amount they borrow will be aimed exclusively at benefiting the private entrepreneur.

[Saruivanov] I have yet to understand how I can get hold of such funds and at what interest rate. What matters more is something else: When the state borrows, it invariably assumes either public or secret, direct or indirect, political commitments.

When private entrepreneurs start borrowing money from foreign lenders, however, both politicians and officials are kept outside the process, and the real source of commitments dries out. That is why I am not optimistic about any immediate transfer of economic power from the hands of the politicians to those of the industrialists.

[Krustev] In your view, what is the solution?

[Saruivanov] To allow the owners who have had their property restored to immediately assume management of their enterprises. Privatization and restitution are by no means a single act, but a lengthy, difficult process that takes a number of years. We shall gradually take possession and assume the management of our property. For the time being, we would like to immediately undertake, without delay, the management of our enterprises. We must manage them. Only in that way can we put an end to plundering and artificial bankruptcies. For example, the Zebra Plant sold off all of its raw materials: carbon black and rubber. Production came to a halt, despite the fact that there was a huge state order for gas masks.

Here is another case: In the city of Suedinenie, the red pepper drying facility was deprived of machinery precisely on the eve of the season. According to neighbors, assets are being removed in trucks during the night from the Decho Stefanov Haberdashery Enterprise. The Sliteks Trust even ran an ad in the periodical 24 CHASA announcing the sale of 39 weaving looms. I could cite hundreds of such examples. They would not have occurred had the owners been given not only possession of the enterprises, but also the right to manage them. Those who eat the pie are not crazy. Crazy are those who

give them the pie, but, apparently, even those people are not crazy. We have lost markets and, if we fail in our production efforts, it will become totally impossible to raise Bulgaria from the economic bottom.

[Krustev] You have said nothing about the Law on Privatization.

[Saruivanov] That law is the same kind of propaganda as the others. To begin with, it plunges us into a totally unnecessary "class" struggle. How is it possible to distribute shares among the workers in their names, yet not allow them to vote at stockholder meetings? That is absurd! Furthermore, what is the 20 percent that the workers will be able to purchase? If we assume that the private property that was nationalized in 1947

accounted for 20 percent of today's fixed Bulgarian assets, that means the remaining 80 percent was created precisely by those same workers, who are being offered no more than 20 percent today. The result is that the state remains the owner of 60 percent of the national wealth! And this is a state the prime minister keeps calling a poor manager! A state that, everything seems to indicate, will sell out this 60 percent for virtually nothing, to the benefit of state officials. Foreign capital and speculative money will play the first violin. Meanwhile, the owners and the workers will be kept outside this process. The interests of the workers and the owners are starting to head in the same direction, which is to put an end to the plundering of Bulgaria.

Duray on Rejection of Federal Government Program*92CH0844C Bratislava UJ SZO in Hungarian
17 Jul 92 p 2*

["Excerpts" from a speech given by Miklos Duray, president of the Coexistence Political Movement, in Prague on 16 July: "Miklos Duray: Anticonstitutional Measures; the EPM Rejects the Federal Government's Program"]

[Text] *Miklos Duray's words, which were delivered on behalf of the Coexistence Club at the 16 June 1992 Federal Assembly in connection with the Federal Government's program, was faxed to our office in the evening hours. In view of the lack of time and space, we are publishing his comments in excerpted form.*

Since November 1989, this is the third government program that has been discussed by the Federal Assembly. After the governments of national unity and national sacrifice, we are now probably learning about the program of a government of liquidation. The process began in the spring of 1990; the federation gradually dissolved, nationhood was undermined, and the weakening will probably lead to liquidation. The question of constitutional regulation is not the result of the individual republics employing different forms and paces in making use of the opportunities of freedom, but of the fact that the history, social experience, political culture, and level of readiness of most of the two republics' citizens were, and are, different. In Czechoslovakia, the political crises and the structural changes in politics have regularly resulted in the restructuring of Czech and Slovak relations. Now the Slovak nation has become organizationally ready to bring its process of autonomy to culmination. The other issue is that of constitutionality. The representatives of the Federal Assembly must act in the spirit of the Constitution that is in effect. The Federal Assembly is still the highest legislative body of the state; it has the exclusive right to decide, in accordance with the Constitution, on how to disband the state.

An exact analysis of the political situation, a detailed report on the meetings of the parties that won the election, and an analysis and structure of the agreements are all missing from the provisional government program. It is also difficult to understand which agreement of the national councils constitutes the basis for resolving constitutional issues. For the Constitution has no provision for such an agreement. It is unconstitutional to tie the activity of federal organizations to any kind of an agreement between the national councils. The government program's proposal to divide the state in two is also unconstitutional. Beyond the fact that the proposal suggests unconstitutional measures, it also contains fundamental flaws in its schedule and structure. For the first part of the proposal speaks of the provisionality of the government and its program and of its participation in disbanding the state; the second part assumes that the government's mandate is essentially not

limited in time and is valid for the federation, though in a somewhat changed form. The two parts of the program contradict each other and are unconstitutional, and that is essentially unacceptable. It would be important to disclose the pressure under which the government is being forced to act this way. It would relieve our anxiety if it would be the second part that we could consider as the government's attempt to work out the proposal. Only an attempt, because social policies, the issue of unemployment, the policy on national minorities, and environmental protection are missing from it.

We can understand the political situation, even the situation in Czech politics, which is afraid of losing its profile and is protecting its interests because it has neglected the solution of internal problems for two years. We also understand the requirements of the Slovak political forces. Despite all that, we cannot accept this government program proposal.

Logic of Striving for Independence Explained*92CH0865B Bratislava SLOBODNY PIATOK in Slovak
31 Jul 92 p 1*

[Article by Milan Zemko: "Stepping Out of One's Shadow"]

[Text] The Czech-Slovak federation appears to be ending. The political agreement between HZDS [Movement for Democratic Slovakia] and ODS [Civic Democratic Party] is already foreshadowing the "itinerary" for the establishment of two independent states in the near future. But will the expected plan for dissolving the current federation be worked out and approved by the legislative bodies in which the proponents of the dissolution of the common state are not guaranteed the necessary three-fifths majority for passing the appropriate constitutional laws? And another much more important question: Who will be the final authority that will decide the fate of the present state—the parliaments, or the highest sovereign—the people or nations who will be able to make their wish known in a referendum?

As far as the common people are concerned, in both republics, it is not absolutely certain that they have decided to put an end to the common state. That was also indicated by the results of the July public opinion poll: More than four-fifths of those asked were in favor of holding a referendum, while two-thirds of them would not vote for the dissolution of the Federal State. According to the results of the public opinion poll, the public's answer to the question about the future of the common state is clear, at the very least now, in July of this year.

Considering the trends in today's Central and Eastern Europe, it is a surprising answer. Countries smaller, and in a more risky geopolitical position than the Slovak nation, have decided in favor of independence, and in spite of hard and bitter experiences do not want to give up their nationhood. They realize, as it was expressed in the words of the Slovenian President Milan Kucan, that

the European integration and the parallel disintegration of the Eastern European multinational states is in fact a single process that makes it possible for the newly independent nations to assume—with a historical delay—an equal position in the world and integrate themselves as equals into the European unifying process.

Personally, I am convinced that the trend toward Slovak independence is irreversible in either the short or the longer term; nevertheless, I think that I understand the considerable hesitation and cautiousness of the Slovak citizens in making their decision about the sovereignty of their country. Ever since the time when Slovaks began to emerge as an individual political entity—and that is barely during the past 150 years, a short time in terms of history—their ambitions for nationhood did not and could not reach beyond the horizon of autonomy. During the revolutionary year of 1848, in the era of *Matica Slovenska*, and even during the first Czechoslovak Republic, the Slovak political representation (and not even the entire one) did not strive for more than a certain form of self-government within the framework of a larger national unit. It is not surprising, therefore, that the Slovak political representation was given the final push into independence, moreover a very circumscribed one, by the hard, coercive tactics of the German Reich in March 1939. Nor is it surprising that a majority of the nation gave up its nationhood quite easily in the hope that in the restored democratic Czechoslovakia Slovakia will at last attain that optimal version of autonomy. But it did not attain it, and in the pretotalitarian, pre-February regime, it found itself, as a result of strong pressure from Prague or a kind of unholy alliance of Communists and Czech democratic parties, in a subordinate position in the so-called asymmetrical state setup. Not even the federation, born in an occupied country and “normalized” by Husak’s regime could bring it out of this subordinate and inferior position that was intensified by the Gottwald-Novotny regime. For the third time, therefore, it is not surprising to see the post-November demands for a now really “authentic federation” of two truly “equal republics.” For if this demand were met, the ancient Slovak dream would at last come true.

That enticing image of coexistence, however, would have to be based on the assumption that in the relations of two nations, which are unequal in a number of important quantities (population numbers, economic capacity, and concentration of economic, political and power instruments, and information in the center of the stronger nation), are real, not merely proclaimed; equality can be practiced. Well, in the coexistence of the Czechs and Slovaks, similarly as in the coexistence of other unequal nations, real equality was not practiced and obviously could not be practiced. The smaller and weaker partner always got—and not only under the communist regime—the short end of the stick. I do not think that in a future “functional federation,” constructed according to the ideas of the Czech (today already national) right, the Czech-Slovak relations could be other than unequal.

Behind the persisting, even cultivated, illusion about the feasibility of a common state on the “equal with equal” principle I recognize a certain characteristic we Slovaks share: misgivings, even fear of great changes, and the resulting restraint and hesitation when it becomes necessary to make important decisions and take strong measures. According to available information, the majority of Slovaks did not rush with enthusiasm into the emerging Czechoslovak state in 1918, nor in 1938 into the Slovak state (in contrast to the enthusiastic acceptance—what else?—of autonomy in the fall of 1938).

Today, we again stand with not only all of the legacy of hopes and fears, but also illusions before a crucial decision about our future. If we do not want to live in a common state (not in a quasi-common state of two independent republics, which is another great piece of fiction) in an unequal position, then all that is left to us is to go the way of state independence. But at its very beginning we would have to step out of our autonomist shadow, by expressing ourselves clearly in the referendum.

Doubts About Smooth Road to Independence

*92CH0865A Bratislava SLOBODNY PIATOK in Slovak
31 Jul 92 p 2*

[Commentary by Jozef Sitko: “Where Are You Going, Victors?”]

[Text] When our editorial office recently arranged a three-hour discussion meeting on the ship *Martin* of the most competent Slovak politicians with journalists on the theme “Where Are You Going, Slovakia?” none of us had an inkling of how unexpectedly the entire process of the national setup would gather speed. Some of our readers obviously accepted the Bratislava agreement between the victors of the elections with satisfaction. After all, for Slovaks the great historical moment has arrived. Nevertheless, in other Slovaks (but not in the renegades) the emotional exhilaration was muted by a kind of intuitive assessment of the pluses and minuses that will follow as a result of becoming independent of the federation’s embrace. Especially of the iron grip of Klaus’ harsh curative treatment of the Slovak economy.

The political agreement between Klaus and Meciar is substantive, constructive, and, what is most important—it serves as a starting point. It initiates the so-called peaceful, velvet divorce of two unadaptable partners, while it does not lack the effort to maintain constitutionality and legality. It comprises mutual concessions and political compromise, within which HZDS [Movement for a Democratic Slovakia] agreed to the quick divorce, provided that the two future sovereign nations will maintain many confederative elements of economic, political, and civic cooperation. However, the greatest weakness of the compromise, which will substantially affect the life of every citizen of Czecho-Slovakia, lies in the steps toward realization. Just from the text of the

agreement it is clear that the one and only concern the election victors had was to carry out the divorce in a civilized manner, without quarrels, and above all legally, to keep the maximum of the benefits of coexistence, and not cause an elemental disaster for the citizens of the common state. But the wording of the text is unconvincing: "Both sides will try to ensure that the dissolution of the Czech-Slovak federation is carried out legally.... Both sides will continue to search for possibilities..." etc. It seems that here we have efforts to seduce the voters and the public with honeyed words rather than to find a realistic way to successfully end this whole process without any great and irreversible risks in the area of economy and social, societal, and security relations.

In the newly developed situation, the position of Z. Jicinsky, published by RUDE PRAVO, is interesting: "Elections decide the existence of a government, not the state; the state endures even if governments change and take their turns. If the fundamentals of democracy are not to be totally negated, a specific economic policy of one government or another cannot be given precedence over the existence of the state. It is easy for us to talk about a peaceful and civilized divorce of our two republics, but nobody can guarantee it. Every experience thus far shows that there are no such divorces." After all, when it comes to money—and in separating the two republics hundreds of billions will be at stake—a brother does not know his own brother. In the end we shall see a dispute about Slovakia's justified claim to a major part of the profits from the Tranzit gas pipeline. Minister Dlouhy is trying, in spite of the signed agreements, to get foreign capital involved, create a mixed private company with headquarters in Prague, and have the main part of the profits go to the Czech lands. Neither can a possible explosive development in southern Slovakia be ruled out if the present political status quo is disturbed. Besides the creation of a Hungarian Home Guard (only 50 km from the Slovak border), I am also unpleasantly surprised by the positive attitude of that Hungarian political fox—Deputy Duray—toward the breakup of the state. But from the geopolitical viewpoint, not even the Czechs can look forward to anything good. If the federation breaks up they will have a hard time resisting the demands of the Sudeten Germans, and constitutional problems with Silesia would not surprise me either.

Klaus and Meciar are obviously fully aware that as a result of their drastic resolution of the state setup question they find themselves walking a political tightrope. But they expect that by being outstanding politicians that they are, they will successfully negotiate this precarious passage without accident, which I doubt. It is a startling phenomenon when pragmatist V. Klaus, his assistants, and above all the Czech press, give priority to political and ideological strategy in negotiations to the detriment of a consistent stress on the economic and security aspects and interests in this constitutional and at the same time "right-left" political dispute. Klaus realizes that in today's composition of the Federal Assembly his unequivocal and "the only correct" politics will not

be coming up roses. That is obviously why he prefers to quickly break up the common state and maintain his political sovereignty at least in the Czech lands, and attribute the consequent economic decline to the "fractionalizing, leftist" Slovaks. He will have a harder time of it when the voter asks him in the new state: what does he have to offer?

The political-ideological explanations of the Klausists about the impossibility of economic cooperation between the new Czech and Slovak Governments will not stand up. Similar political problems arise everywhere in the world in composite states and they are resolved exclusively in a democratic manner. Nor can the entangled Czech-Slovak relations be resolved simply—by a swift cut. Any unconstitutional procedure poses danger to democracy. And the only legal procedure is the passage of a constitutional law with roughly this kind of question to a Czech and Slovak citizen in a referendum: Are you for the separation of the federation into independent Czech and Slovak states? (yes or no). Only that is the way of democracy. But that way does not lead through the so-called catastrophic scenario of the former Czech Government, which smacks of racism.

Miklosko Reviews Political History in Slovakia

92CH0868A Prague TELEGRAF in Czech
14 Aug 92 p 3

[Interview with Frantisek Miklosko, chairman of the Christian Democratic Movement faction in the Slovak National Council, by Gejza Pinter; place and date not given: "A Liberated Optimist"]

[Text] *Today's complicated internal political development is part of a process, which is perhaps premature to evaluate. Nevertheless, we asked one of the protagonists of the post-November events, Frantisek Miklosko, chairman of the KDH [Christian Democratic Movement] faction within the Slovak National Council, for an interview.*

[Pinter] Do you identify with the thesis that the era of the dissidents in politics has come to an end?

[Miklosko] The era of the dissidents has come to an end not only in Slovakia, but also in Bohemia. I felt the first indications of this at the last congress of the Civic Movement, at which the peak representatives of the Charter 77 movement were present and when Vaclav Klaus already led the conference. I was a witness to the advent of a new generation of absolute pragmatists.

[Pinter] Which moments do you believe were decisive?

[Miklosko] After the fall of the Communists, people wanted to find themselves in a Western style developed country with a functioning economy as quickly as possible. That had a different result in Bohemia, where the pragmatist Vaclav Klaus won. In Slovakia, a strong leader, who is promising ways out of all uncertainties, out of unemployment, etc., won. The era of winning freedom has come to an end, it very quickly became a

given because people wanted to pass through the tunnel of uncertainty as rapidly as possible and that which is behind us no longer interests them so much. In the Czech lands, the team of dissidents who captured the attention and respect of the world and who were visited by important statesmen, lost. It is being said that they were engaged in some kind of unpolitical politics. They continued in the activities of the last 20 years, they personified the qualms of the former regime. In applying moral consciousness, it was forgotten that politics requires a more pragmatic approach and a certain modicum of populism so as to acquire an adequate number of votes. However, the dissidents are far too individualist and personality-conscious to lend themselves over to cheap slogans and to momentary ways of popularity. Without a personal dimension, which was seen in their speeches, none of us was able to visualize this state of events.

[Pinter] Vaclav Havel did not lose in popularity, but it would seem that he failed to keep pace with political developments. To what do you attribute the reasons for this state of affairs?

[Miklosko] Vaclav Havel wanted to be above politics in the sense that he was not a member of any party and perceived the office of president as being a supraparty office, he personified moral values. In more recent times, he has remained isolated. Today's political scene in Europe proves that a president, even though he may be a specific personality, requires a hinterland of the political party without which he cannot exist.

[Pinter] What possible consequences for the dissidents in Slovakia are inherent in this process?

[Miklosko] At the moment the dissidents are sidelined and an hour of special truth comes into being in Slovakia. I do not believe that the lifeline of people who were committed to freedom and democracy is coming to an end. If we drew some kind of a line in the past aimed at freedom, which we then achieved, then the line has collapsed after two years and Slovakia is threatened by something that is not good. History cannot repeat itself, isolation of the country, persecution, things known from the past cannot repeat themselves, but we are threatened by lack of culture, hatred, and envy. Now it will be seen whether the dissident line was actually a lifeline in our country, whether the intent was to protect basic principles, culture, tolerance, human rights, and the rights of groups under all circumstances and under every regime and that is why I do not believe that the era of the dissidents is ending.

[Pinter] But let us return to the beginning. How was it that Vladimir Meciar got into active politics even with the support of the VPN [Public Against Violence]?

[Miklosko] To this day, the circumstances surrounding the advent of V. Meciar to Slovak politics are not completely clear. Even before November 1989 there existed a generation of sidelined Communists from 1968 who, one way or another, were living their lives following August 1968. After Gorbachev firmed up his power, it

was clear that perestroika was irreversible, a change occurred in the political atmosphere even in our country. The hopes of these people for a return to politics increased. They became active in the Rebirth Club and most likely were preparing for being summoned to power and taking it over. November 1989 intervened and they remained completely outside of the events and no one needed them, with the exception of Dubcek. To speak of socialism with a human face was meaningless and the history of communism fell. In this situation, the Slovak group met in the Great Franciscan Wine Bar where even V. Meciar showed up for the first time as an unknown lawyer from Nemsov, who illuminated those present with his information, with his articulateness, and made an impression with his overview as an experienced politician. The prime minister of the Slovak Republic at the time, Milan Cic, was looking for a suitable person for the post of minister of the interior because it was a key position. At the recommendation of those present, Meciar was accepted even by the VPN.

[Pinter] During the time that Vladimir Meciar was prime minister of the Slovak Republic, conflicts within the VPN became intensified and the public was only sporadically and indicatively kept informed. These conflicts culminated in the recall of V. Meciar from that office. Did that have to happen?

[Miklosko] Following the elections of 1990, a new prime minister was being sought. Four candidates were under consideration: Stracar, Kusy, Kosta, and Meciar. In the final analysis, V. Meciar remained as the sole candidate. Of course, within a short time, as prime minister of the government, indications of tension began to surface in the coalition itself. As early as that time, it was V. Meciar's effort to force the KDH from the government and to form a minority government. I recall a telephone conversation dating back to the time of the language crisis when the prime minister told me that the deputy prime minister of the government, J. Carnogursky, and Minister of the Interior J. Andras, must depart from the political scene. I was not willing to accept this requirement and so the prime minister submitted his written resignation and could not be reached for three days. The core of the VPN already had the signal at that time regarding his personal politics. The situation was rendered more complicated by a proclamation of the then ministers in the government who represented the VPN and who stated that as soon as V. Meciar's resignation was accepted, they would resign. For the VPN, this was not a simple situation. Following the crisis, the relationships between V. Meciar and the leadership of the VPN, headed by F. Gale, became exacerbated. It was clear that the prime minister had ambitions regarding the function of the chairman of the movement. The problem culminated at the Topolcany congress of the VPN where a clear attempt was made. The dispute and the lack of communication on the part of V. Meciar later culminated in a proposal for his recall. It remains a paradox that the recall of V. Meciar meant a much more triumphant return for him to the political scene of the present.

I claim that to judge some actions requires time and his recall at one time was unavoidable. I am convinced that the indications of unrest, which are currently manifesting themselves in Slovak society, would have already occurred at that time. In several of our repeated discussions, I defended the view that there could be no winner or loser in our dispute. Prime Minister V. Meciar was demanding the departure of eight ministers who at one time had opposed him. As soon as we would have resigned, we would have experienced that which we are beginning to experience today then. It is difficult to seek a moment when this all began. Anyone who knows all of the facts knows that the struggle was much more complicated and took place on several fronts, but maintenance of stability of the government and the coalition was not a matter of course. I am convinced that the time will come that the former period will be adjudged to have been quiet, free, and that the recall will be seen as having been correct, even at the cost of having V. Meciar return triumphantly.

[Pinter] Even the KDH has not been able to avoid problems in realizing specific policies. How do you evaluate the fragmentation of the Christian Movement?

[Miklosko] I personally welcome the fact that those entities broke off. Internal tensions had reached a stage where the movement could have collapsed. I do not even exclude the possibility that the elections would have come out worse. In recent months, the SKDH [Slovak Christian Democratic Movement] has embarked on a path to populism and, in the final phase, it borrowed the idea of Slovak sovereignty, with which it intended to achieve triumphs for election purposes. As soon as this wave would have been victorious within the KDH, something which was a real threat, I am convinced that, in the final analysis, the HZDS [Movement for a Democratic Slovakia] would have swallowed up the KDH. That is why I do not think that the results of the elections are as bad as they could have been. Now, the KDH again has its internal charisma.

[Pinter] We are interested in your personal view of the processes that led to that step.

[Miklosko] At the time the KDH was being created, J. Carnogursky was deputy prime minister of the Federal Government and basic policy was being formulated by his brother Ivan—something which I do not consider to have been the most fortuitous development. The selection of leading personalities of the movement was pragmatic and that has come to roost. The motive of personal ambition is also not negligible. Some joined together with Slovaks abroad for purposes of removing J. Carnogursky from his leading position. It was only a question of time before a conflict would arise. In the circle surrounding Jan Klepac, the conviction predominated regarding the correctness of the moment when the Great Powers would recognize an independent Slovakia. It is interesting to follow the developments of the SKDH. The party lost the elections because its efforts were consumed by the HZDS in their totality. Their only form

of identification is to outline its differences with regard to the KDH, as though there was nothing else left for them to do except to take over those who are in sympathy with them. It is downright perfidious for them to characterize our activities as fragmenting the church. On the basis of previous activities, I am able to judge what such statements mean. Personally, they are in very dire straights. As long as they fail to find an honest program in themselves, I am convinced that the populist wave in politics will culminate in the proclamation of an independent Slovak Republic and that all parties which wish to prevail will have their hands full to introduce themselves to the citizenry with honesty.

[Pinter] The KDH is, thus, faced with new tests. Will you prevail?

[Miklosko] The KDH was shaken up as a result of internal disputes, something which was manifested even in acquiring a relatively small percentage of votes in the elections, but we have aspirations of becoming a regular political Christian party of the Western type which will address the Slovak citizenry. We are aware that as soon as such a status is successfully developed, we shall have the opportunity of accomplishing something for Slovakia on the political scene. As long as that does not come about, the KDH will go under. Today, the problem is posed in such a simple manner, something that imparts a certain feeling of liberation. The time when the KDH was able to "group" itself on the basis of certain parish councils, to sing a hymn, and to proclaim a few words has come to an end and now we face the time of testing.

Slovak Government Vetoes Hungarian Town Names

92CH0844B Bratislava SZABAD UJSAG in Hungarian
30 Jul 92 p 2

[Unattributed report: "Imre Harsanyi, the Mayor of Guta: 'Such Is Democracy, Slovak Style'"]

[Text] *We reported yesterday that the Meciar administration also discussed at its Tuesday meeting the proposal to change the names of a few cities and towns. As it is known, the Pozsony cabinet did not approve the "modification" of the names of Guta, Parkany, Kobolcut, Tardoskedd, and Hrniciarska Ves (Slovakian). As a result of the referendum, the name of Kolarovo would have changed to Guta, and that of Sturovo to Parkan.*

Imre Harsanyi, mayor of Guta, i.e., Kolarovo, gave a statement over the telephone to a staff member of the Czechoslovak Press Office. In his words, the Slovak Government's rejection of the proposal to change the name of the city is tantamount to a declaration that it does not recognize the city's residents as citizens of equal rights. "Such is democracy, Slovak style," added Imre Harsanyi. Harsanyi told the staff member of the Prague news agency that a referendum was held last October on changing the city's Slovak name. Some 65 percent of the population took part in the referendum, 93 percent of

whom voted for the change. About 83 percent of Guta's 11,000 residents are Hungarian.

SBCS Economic Results, Forecast for 1992

92CH0864D Prague EKONOM in Czech
No 32, 7-13 Aug 92 p 20

[Analytical report of the State Bank of Czechoslovakia: "Economic Results for First Half and Forecast to the End of the Year"]

[Text] *The SBCS [State Bank of Czechoslovakia] is one of the analytical centers that concentrates and processes data on the Czechoslovak economy, serving as a basis for determining the monetary policy of the central bank for a subsequent period. The data for this analysis are obtained from several sources: the State Bank's own investigations, various independent agencies, and the principal kind of data are understandably those published by statistical offices. We excerpt the following information from the most recent analysis of the SBCS, which evaluates the results of the Czechoslovak economy achieved in the first half of this year.*

During the first half of 1992, some positive trends began to show up in the development of the economy. The decline in the gross domestic product slowed down, the pace of decline with respect to industrial production was slowed, construction production was revitalized, inflation grew at a slower pace than anticipated, and the number of unemployed declined.

In the first quarter of 1992, the gross domestic product, expressed in constant prices, was lower by 14.7 percent compared to the same period of last year; however, in comparison with the fourth quarter of 1991, it declined by only 1.5 percent (preliminary data from the Federal Statistical Office). A halt in the decline and the creation of prerequisites for the growth of the gross domestic product in the second half of 1992 are indicated by the following factors and anticipated trends of development.

Overall industrial production declined by 22.1 percent for the period January through May 1992, in comparison with the same period in 1991. However, the pace of the decline slowed to 15.7 percent in May 1992 alone, compared to May 1991. The decline in construction activity (measured in terms of supplier contracts) from the beginning of this year gradually began to match rising construction production in subsequent months. In comparison with the same period of 1991, the volume of construction work for January 1992 was lower by 4.2 percent in May alone (compared with May 1991) while production rose by 4.5 percent and the intermonth increase (compared with April 1992) rose by 7 percent.

The results of business cycle analysis for May 1992, complete with an outlook for three additional months point to the halting of the decline in industrial production and to the continuing growth of construction production as a result of the influences of a slight increase in domestic demand and foreign demand. At the end of the

third quarter and particularly in the fourth quarter of 1992, we are already anticipating a slight growth in industrial production. These positive development tendencies should not be influenced this year by any possible preparations surrounding a new constitutional arrangement.

The revival of consumer demand is showing up in the course of 1992 in terms of the growth of retail sales, with the exception of a decline in comparable prices for May. At current prices, retail sales in May amounted to 39.7 billion korunas [Kcs]; compared with the same period of last year, retail sales grew by 29.3 percent; in comparison with April of this year, they rose by 0.3 percent. After excluding the influence of prices, retail sales this May, compared to the same period of 1991, were higher by 20.2 percent; compared with April of this year, they declined by 0.8 percent. This decline is considered to be transient and in the subsequent months of 1992 we expect a gradual increase.

In May, following a previous period of stagnation, the price level in the production sphere rose. The prices of industrial products increased, in comparison with April, by 1.1 percent; the prices of construction work rose by 1.2 percent and costs of materials for the construction industry rose by 1.6 percent. The increase in wholesale prices indicates a certain revival of demand; consequently, these prices provide room for the adequate reflection of increased prices of inputs from the previous period.

In comparison with the price level that existed at the end of 1991, consumer prices rose by 3 percent by the end of June 1992. After the 1-percent price rise in January, the price increases in subsequent months became stabilized at a level of 0.4-0.5 percent per month. However, the rise in prices in the production sphere in May signals the opportunity for a greater growth in consumer prices in the subsequent months of 1992; in the third quarter of 1992, this growth of consumer prices will be influenced, among others, by increases in rentals. We anticipate the annual inflation rate to be between 10 and 12 percent in view of the slight increase in prices over the past months. We expect that this prediction will not be negatively influenced by wage developments.

The average nominal wage rose by approximately 5 percent in the first quarter of 1992, in comparison with the average nominal wage in 1991; for the first half of 1992, we expect a maximum increase of 11 percent in wages. The rules for wage control, as proclaimed by the CSFR Government as of 1 June 1992, should serve to assure the noninflationary development of wages.

In the labor market, in the month of May, there was a further decline of unemployment. In comparison with the month of April, the number of unemployed declined by 32,100 individuals, including 19,300 in the Czech Republic and 12,800 in the Slovak Republic. The measure of unemployment declined by 0.3 point and was at 5.6 percent; in the Czech Republic, it was below the limit

of 3 percent. The development is influenced by stricter conditions for providing unemployment support, by the growing number of newly created jobs within the framework of an active employment policy, but also by the conduct of enterprises during the preprivatization period.

In comparison with the end of 1991, the first quarter of 1992 recorded a moderation in the decline of employment. On the basis of current developments and because of the anticipated and necessary solution of the overemployment problem, we expect a significant increase in unemployment during the second half of 1992.

For the month of June, the foreign exchange situation of the CSFR can be evaluated as having been stabilized. In comparison with the previous months, however, the tendency for banking positions to improve slowed down. For the month of May, the banking positions increased by \$314 million, according to operational data; for the month of June, the increase was \$100 million. Since the beginning of the year, the foreign exchange positions of banks improved by approximately \$900 million. The current account of the balance of payments in freely convertible currencies for the period January through May amounted to \$699.3 million; the estimate for the first half amounts to more than \$900 million. The foreign exchange reserves of the SBCS stood at \$2.2 billion at the end of June; the reserves of the entire Czechoslovak banking system at that time stood at \$4.7 billion.

Commercial Code Reserve Fund Provisions Faulted

92CH0864E Prague EKONOM in Czech
No 32, 7-13 Aug 92 pp 24-25

[Unattributed article: "It Belongs on the Credit Side of the Ledger—A Discussion on the Provisions of the Commercial Code Regarding the Reserve Fund"]

[Text] *In issue No. 26 of EKONOM, Eng. S. Svatkova rightfully paused over the fact that the tax reform was accompanied by the publication of predominantly descriptive articles; essentially, none of them had the character of a polemic or a discussion article. The fact that discussion and polemics are purposeful even in other sectors is indicated by the contribution presented below which is aimed at creating and utilizing the reserve fund in corporations according to the Commercial Code. In order to simplify the entire problem, I shall consider only the obligatory provisions of the code, which means that I shall abstract from its actual provisions those which make possible a different approach that is expressed, for example, in the statutes of the corporation.*

The Essence of the Reserve Fund

The setting aside of the reserve fund as a component of the net commercial wealth of a corporation, as one of the sources of its financing, should be outside of any kind of discussion, as explained in issue No. 24 of EKONOM.

From this, it is clear that the reserve fund must be listed in the corporate balance sheet on its right side (credit side). Consequently, provisions of Section 67, Paragraph 2, of the Commercial Code, which uses the term "reserve fund" incorrectly to designate a set of liquid assets of the corporation, which are, of course, listed among the assets (on the debit side), are fundamentally in error.

Following this clarification, the views that the reserve fund of a corporation "belongs among its assets, even though from the internal viewpoint it is a liability" (Docent Josef Bejcek, attorney, HOSPODARSKE NOVINY, 29 May 1992), are incomprehensible.

Creation of the Reserve Fund at the Time a Corporation Is Formed

The Commercial Code, in Section 217, stipulates that "at its inception, a corporation shall create a reserve fund of a magnitude and by a method determined by its statutes. The minimum size of such a reserve fund is 10 percent of the basic worth."

The formal listing of the size of the reserve fund as a component of the net commercial worth of a corporation is a simple matter, but the problem lies in how the property of the corporation can be increased in value by the same amount (assets). It is completely logical that no one other than the stockholders of the corporation will be expected to cover this amount as follows:

- In the case of monetary deposits, by paying not only the nominal value of the shares (basic worth), but an additional 10 percent of this value.
- In the case of nonmonetary deposits, by breaking up its price into ten-elevenths to defray the nominal value of the securities and into one-eleventh to create the reserve fund.

In both cases, the stockholders are obligated to cover the issuing premium at 10 percent of the basic worth of the corporation.

And it is obvious that, in the case of monetary deposits, the payback terms for this premium must be established. It is possible to invent numerous variations for paying back the premium, but the only effective one that is possible to consider involves the payment of the premium at the same time as the nominal value of the securities is covered, that is to say, 10 percent at the time they are assigned (Section 165, Paragraph 2, of the code), augmented to 30 percent at the latest by the time the general assembly meets (Section 168, Paragraph 1), and payment of the balance up to 100 percent within one year of the inception of the corporation (Section 177, Paragraph 1).

The obligation of stockholders to cover the emission premium is an inseparable component of the process of inception experienced by every corporation. It must, therefore, be surprising to find that the Commercial Code has no provisions covering such an important problem, that it does not even mention the concept of an

issuing premium, nor does it refer to the statutes of the corporation, which should contain the appropriate provisions. In practice, the gap in the Commercial Code must be overcome by suitable provisions in the statutes or as early as the inception agreement.

Augmentation of the Reserve Fund of Existing Corporations

According to Section 217, Paragraph 1 of the Commercial Code, the reserve fund is augmented annually by the addition of at least 5 percent of the net profits.

a) The Commercial Code does not regulate the term net profits. In view of Section 84 of the rescinded Law on Corporations, it is possible to consider net profits to be the balance sheet profit minus the profits tax or (as of 1 January 1993) the income taxes paid by legal entities. No other utilization of profits may be deducted, even if such a utilization were to be based on legal regulations, statutes, etc. In order to avoid misunderstandings, the net profits should be so defined in the positions taken by central organs and should be suitably published.

b) The reserve fund must be supplemented even if the basic wealth of the corporation is increased. The following opportunities offer themselves for setting the amount of issuing premium:

- 10 percent of the nominal value of the securities, which would make sure that the reserve fund does not decline below 10 percent.
- Less than 10 percent, but sufficiently high so that the fund would not decline below 10 percent, when combined with existing reserve funds, of the increased basic wealth (this is, in essence, a hidden payment of dividends).
- More than 10 percent, but only up to the level reflecting the net commercial wealth of the corporation.

c) There may come a time that, following the coverage of losses, the reserve fund is lowered below the minimum level stipulated by the Commercial Code (10 percent). Can the corporation then continue to allocate only 5 percent of its net profits to the reserve fund or must the developed "deficit" be covered on a priority basis from net profits, even at the cost of another kind of utilization, for example, using the profits to pay dividends? The Commercial Code does not provide an answer to this question, but it is more likely that the second variation should be applied—that is to say, that the reserve fund should be funded to its minimum prescribed amount.

d) In studying the Commercial Code, we find that, while it precisely formulates the various jurisdictions relative

to distributing profits (profit distribution is proposed by the board of directors and approved by the general assembly), the Commercial Code forgot that there are several cases of balance losses among the enterprises. The following can be considered:

- The carryover of losses to the next period.
- Covering losses from profits carried over from the previous time period or from one or another of the taxed funds (for example, the risk fund).
- Covering losses out of reserve funds, which is done in accordance with Section 67, Paragraph 1; surprisingly, this move is not decided upon by the general assembly, but by the board of directors according to Section 217, Paragraph 2.
- As an exception, on the basis of an agreement or the statutes, losses are covered by the stockholders (see Daimler-Benz Holding Corporation).

Utilization of the Reserve Fund

The Commercial Code regulates the utilization of the reserve fund in its Section 67, Paragraph 1, as follows: "If this law requires the establishment of a reserve fund, that fund can be used only to cover corporate losses or for measures intended to overcome unfavorable consequences of corporate management." The following questions are connected with this formulation:

a) Is the prohibition to use the reserve fund for purposes other than those listed applicable only to that portion of the reserve fund that is obligatory or to the entire fund? The Commercial Code does not make possible any other explanation than the fact that the entire reserve fund is involved. This results in an important lesson for practice: Restrict to a minimum the augmentation of the reserve fund over and above its obligatory amounts and use the net profits over and above this amount to allocate them to other (taxed) funds, for example, into the statutory fund, the development fund, etc. This is so because, according to the statutes, these funds may be utilized for other purposes than those stipulated by the Commercial Code.

b) What is understood by the words "provisions intended to overcome the unfavorable course of corporate management"? Obviously, these must be cases other than those that have caused the loss—that factor is covered by the words "to cover corporate losses." It is probably logical that the reserve fund may not be used to augment profits. The only thing that can be considered is the transfer of a portion of the reserve fund to another fund, without which the function of that fund might be threatened, for example, the ecological fund. However, such a view is debatable.

Media Debate: Antall Letter, 'Panorama' Dispute**Text of Letter, Statements**

92CH0862A Budapest NEPSZABADSAG in Hungarian
8 Aug 92 pp 1, 4

[Unattributed article including 6 August 1992 letter from Prime Minister Jozsef Antall to President Arpad Goncz and statements by the presidents of Hungarian Radio and Television and by five parliamentary representatives: "The Media War Has Flared Up Again; Another Letter by the Prime Minister to Arpad Goncz"]

[Text] *In connection with the Hungarian Radio and Hungarian Television affair, Prime Minister Jozsef Antall wrote a letter to President Arpad Goncz, which was forwarded to the news agency for publication.*

"Dear Mr. President:

"Reminding you of my viewpoint, which I described in detail in my letter to you of 10 July 1992 regarding your rejection of relieving the presidents of Hungarian Radio and Hungarian Television, and considering the government's responsibility for the operation of the two institutions, I must call your attention, Mr. President, to the dangers that are inherent in the political tensions within the public service media. I think it is unfortunate that, in the wake of your political decision regarding their dismissal, the presidents of Hungarian Radio and Hungarian Television are now taking administrative measures, both in programming policies and personnel issues, which are hardly conducive to the establishment of a balance between the various preferences and political trends. Moreover, I think it is unfortunate, indeed unacceptable, that a director of a Hungarian Television channel should criticize and call 'anti-Magyar,' in a contemptible way, concerning a debate that is going on at a different level, a decision of the parliament, which is the Hungarian Republic's supreme body of state authority and people's representation.

"In view of the fact that the government, although it would like to see it happen, cannot offer a unilateral guarantee for the rapid legislation of the media law, regulated operation must be ensured even during this transition period. The Constitutional Court's decision to keep the 1974 government resolution in force also serves that purpose. That is the basis for the government's authority of founding and supervising, but, as a consequence of your political decision, the government cannot assume responsibility for the operation of the two media.

"Of course, the Constitutional Court's view that Resolution 36/1992 (VI.10) AB on the authority of the president of the republic to appoint and to dismiss is constitutionally unequivocal, concurs with my own view. As the operation of the two media is not being supervised at present, in order not to allow this temporary period to become 'outside the law' and in order to assure the objective and unbiased operation of Hungarian Radio and Hungarian Television, it is necessary

to normalize the conditions within the two public service media, to obstruct (organizational and personal) administrative decisions which jeopardize the content value of the programming policy, increase tensions, and negatively affect the debate over the media bill.

"I request that you develop your stand in consideration of the above and that you make that stand public."

Budapest, 6 August 1992

With greetings, Jozsef Antall

"No personal or organizational or programming decision has been made during the past weeks and months that would jeopardize the MTV's [Hungarian Television] unbiased information," MTV president Elemer Hankiss told to our correspondent in connection with Antall's letter, noting that it is why he does not know how to interpret its contents.

In connection with the change of the broadcast time of Panorama program and the discontinuation of its reruns, Hankiss informed us that this year's talks regarding the broadcasting fee ended less favorably for MTV than expected and the latter was forced to decrease programming time. The broadcast time of several programs had to be decreased by half or three-fourths. For that reason, discontinuing Panorama program's reruns also became unavoidable. Incidentally, for technical reasons, only those Hungarians in Romania who reside near the border, in the area of the so-called Partium, can view the program. As of 1 January, when Newsreel began to be aired at 2000, all evening programs had to be pushed back, including Panorama and, thus, there was no discriminatory intention behind it.

Hungarian Radio president Csaba Gombar made a similar statement to our correspondent, namely, that nothing has been changed in Hungarian Radio's organization or programming policy. Disciplinary action has been initiated against Bela Gyori, editor in chief of Vasarnapi Ujsag, for violating the internal regulation that no coworker of a program shall be slandered in another program.

In reply to the question as to what the administration's intention was with regard to the prime minister's letter to Arpad Goncz, a personality who is close to government circles gave this answer in his statement Friday: "This letter was born out of a situation that has been deteriorating for some time now, because the media presidents regard Hungarian Radio and MTV as their own territory and make decisions accordingly with regard to personnel and other matters."

"This is an absurd situation," he said subsequently, "in which the government carries the responsibility for the media but, because of the president's political position, is unable to exercise any actual supervision. The coalition is not the only group that supports the prime minister's letter; it is also reflected by the stand taken by

the clerical and civic personalities in Transylvania and by the MUK's [expansion unknown] protest." Finally, the maker of the statement expressed his conviction that, even under the present grave situation, the administration will find ways and means to assure operation in accordance with the law.

Ferenc Kulin (MDF):

"In my opinion, the prime minister's letter is a natural reaction to the events that have taken place in the media affair. I think it is good that he chose this way to call attention to the dangers of political tensions within the media. It becomes clear from the letter that the prime minister looks upon the summer recess in the media war as a period when we must avoid an increase of tensions. The letter guards against certain administrative decisions which perhaps cannot be questioned in a legal sense but which are politically detrimental. On the other hand, the prime minister is asking the president to give his support in creating the conditions that would make the legislation of the media law possible."

"It may happen," he said, "that the parliament will not pass the media bill for a long time. For that reason, provisional solutions must be worked out. I think that setting up a supervisory committee would be the most appropriate way to do that. It would provide legal control. Such an ad hoc committee could indeed be set up through an appropriate political consensus. A consensus of the president, the parliamentary parties, and the administration would be needed, and I think that there is a realistic chance for that."

MSZP [Hungarian Socialist Party] President Gyula Horn:

"It is without precedent in Europe that a high official of the largest parliamentary party is the only such person given a regular column in the media. The fact that the opposition and those who think differently are reprimanded and even threatened in MTV's Sunday evening program is also unacceptable."

Horn said that the most recent statement to the press by the political state secretary responsible for the press, regarding a dialogue was promising and suggested good intentions. "However, the facts, including the prime minister's current letter, contradict that and, thus, we cannot know what the administration's real stand is," said Horn, who thinks that no measures should be taken against the presidents of Hungarian Radio and Hungarian Television until the enactment of the media law.

Dr. Peter Molnar (FIDESZ [Alliance of Young Democrats]):

"I think that creating a balance between preferences and political trends, as mentioned in the letter, is not the issue when the deputy chairman of the government party on Vasarnapi Ujsag weekly publicizes his unsavory theories of conspiracy, excluding and denouncing part of the political forces and society.

"The FIDESZ did not, and will not, wish to interfere with the programming policy of either of the media, but I think that a public service medium providing an outlet for publicizing a leading party politician's views that are on the brink of being instigating is unprecedented and unacceptable. And, with regard to Panorama, according to my information, they are not planning to move its airing to a later time and, thus, this heated debate is probably the result of a lack of information."

Peter Hack (SZDSZ [Alliance of Free Democrats]):

"The president's decision, supported by detailed legal arguments, regarding the media debate was not born out of a political stand, regardless of what people say. The letter makes it obvious that Mr. Antall and his administration have been artificially nurturing conflict instead of decreasing political tension. The part of the prime minister's letter that deals with the changes that are taking place in the two media corroborates again that Mr. Antall looks at the operation of MTV and Hungarian Radio purely from the aspect of party policy. The wish to censure the contents lurks behind it, which is an indication that the administration wants to achieve a monopoly of its own preferences by placing its own people in positions. Legal redress against the decisions of the presidents of the two media existed even before; Mr. Nahlik could also have gone to court because of the disciplinary action, but he has not."

Panorama Editor's Views

92CH0862A Budapest UJ MAGYARORSZAG
in Hungarian 25 Jul 92 p 5

[Interview with Alajos Chrudinak, editor in chief of Hungarian Television's "Panorama" program, by Attila Bano; date and place not given: "Jozsef Mindszenty Is Also Protesting; Measures Against Panorama; They Want To Discontinue Saturday Morning Reruns"]

[Text] *We received information that certain officials of MTV wanted to censure the documentary film on the 1944 genocide of Hungarians in Vajdasag [Vojvodina]. We inquired about that from Alajos Chrudinak, editor in chief of Panorama.*

[Chrudinak] The material was sent back and forth for two months because allegedly it was against the interests of Serbian comrades. That viewpoint was then given up, and the broadcast of the film was scheduled for June. It was even printed in the TV program, and we announced in Panorama that we would be airing it.

[Bano] But you did not.

[Chrudinak] Unfortunately not. For Elemer Hankiss took it off the program, notifying me of it in a letter. I immediately called him up and asked him whether he had seen the program. He said no. I told him that in making his decision, he was acting like the agit-prop comrades used to act, taking things off programs and shutting down programs without having seen them.

[Bano] What are you referring to?

[Chrudinak] At one time it was Wiesinger who had the role that Gabor Banyai now plays, and they did the same thing then. We prepared programs on, and interviews with, Dubcek, Havel, Tokes, and Cornea, we criticized certain phenomena that originated from the Soviets, and then, Wiesinger and Bereczky suddenly changed Panorama's broadcast time from 9 o'clock on Friday to 11 o'clock on Monday. They, too, discontinued the reruns.

[Bano] What is the film about?

[Chrudinak] It is about the genocide of Hungarians and Germans by Tito's partisans. Approximately 40,000 Hungarians were killed. That was done by Serbian partisans, at Tito's orders. In the film we show the document in which Tito, when he had had enough of the massacre, issued an order to stop it. That documentary film is about the extermination of Magyar peasants, men, women, and children. Gyula Illyes remembered the events in his diary, and Jozsef Mindszenty also protested against the atrocities. I thought that it was important to make the film; this is the first one that deals with the subject in detail. MTV did produce it, but Hankiss, Banyai, and Heltai hindered its broadcast.

[Bano] The documentary film, just as such films in general, discloses old events. Is the time of its airing significant?

[Chrudinak] Absolutely, for it would have reminded world public opinion that, even earlier, this region has had hardships like the ones at present that have now spread to Slovenia, Croatia, and Bosnia-Herzegovina. On the other hand, it would not hurt to remind those who always mention Hungarians as an evil nation of those events either. In Vajdasag alone, this "evil nation" lost 40,000 innocent people as a result of outrageous atrocities.

[Bano] How do you perceive Elemer Hankiss' responsibility?

[Chrudinak] He prevented making public opinion aware that another genocide is in the making.

[Bano] Measures against Panorama are obviously becoming ever more frequent. What are the newest developments?

[Chrudinak] As of 1 September, they want to discontinue the Saturday morning reruns, and even the Friday night programs are scheduled later and later. There was a time when our program was scheduled at 2100 but, during the past year, it was scheduled five minutes later each month. That is how we arrived at the 2145 broadcast time.

Justice Minister Varady on Political Issues

92BA1285A Novi Sad MAGYAR SZO in Hungarian
22 Jul 92 pp 4-5

[Interview with Dr. Tibor Varady, justice minister of the Federal Republic of Yugoslavia, by Karoly Keszeg on 18 July; place not given: "From Amnesty to the Constitutional State"]

[Text]

General Amnesty to First Offenders

[Keszeg] Mr. Minister, this interview is taking place on Saturday, at the end of a week during which the Vojvodina had witnessed a huge mobilization, and on a weekend when Prime Minister Panic promised an end to the war and lasting peace, and you promised amnesty. Don't you feel that the army and the federal political hawks have already given their answers?

[Varady] I would like to delay taking a position, and I would like to obtain more accurate and more complete information. I am also obligated to do so by the position I hold as a minister. This morning I am reading President Cosic's letter relative to mobilization; it, too, indicates that summons for military duty are being delivered 30 days prior to the required date of reporting for duty. I was informed today over the telephone that in reality this was not the case; this in turn would suggest that Mr. Cosic did not receive accurate information. I asked to see summons that showed both the date of delivery and the day of reporting, and if the difference is not 30 days—personally, I, too, am aware that the 30-day period is not the customary period the summons allow—I am going to present those to Mr. Cosic. If the head of state received untrue information, one could imagine that misunderstandings—let us assume—also existed regarding other matters. I will try to clarify the facts, first of all.

[Keszeg] I believe that the matter of whether the Yugoslav Federal Republic is or is not at war should also be clarified. You, too, have pointed out in a television program that the most recent victims from the Vojvodina fell in foreign territory, at the Dubrovnik front line. Couldn't those who mislead the people be punished?

[Varady] This would much rather be the business of the minister of defense and the foreign minister. I would express my opinion as a private person, but even this way I am expecting to hear an explanation. I believe that the entire theater of war in the vicinity of Dubrovnik has not been rationally explained as of this moment, and even if an explanation has been given, that explanation has not been satisfactory. I believe that this will test Mr. Panic's statement that his government is capable of acting, and not only of talking. I would have to study the matter [illegible line] not even a pretext exists for maintaining the Dubrovnik theater of war. I will state my personal view at the cabinet meeting if this issue is raised.

[Keszeg] Resistance to the war is gaining ever-increasing proportions, and the number of people refusing summons for military duty is also on the increase. Could those who resist at home, and other citizens who escaped abroad to avoid having to obey their summons, count on amnesty or abolition [of the draft law] in the near future?

[Varady] I began drafting such a law on my first workday. Very many issues need to be clarified in this

regard. The situation of those who refused to obey summons or simply did not register appears to be the simplest. The situation of those who went to the theater of war and refused to bear arms there, or refused to shoot, or deserted their units, or manifested disobedience in some other way after they had become members of a unit is somewhat more complicated. Some other types of actions also exist that qualify as criminal acts under the law.

I feel that amnesty is not only justified, but is necessary from a legal, moral, as well as a human standpoint. Incidentally, prosecutors in any country would be on guard if they suddenly found themselves in a situation in which the consistent prosecution of all offenders involved tens of thousands of people, and this applies to any crime. Such cases would serve as very serious indications that there were problems with the rules or with the situation. These are the kinds of situations in which the idea of amnesty arises in every country. Well, the experts at the ministry, and I, myself, personally, are dealing with this matter. I am hopeful that a legislative proposal is going to be on its way from the ministry within about 10 days. Such legislative proposal would have to be adopted by the cabinet first, and then the federal parliament would have to render a decision. I am trying to present this legislative proposal on an urgent basis; I hope that there is an opportunity to do so.

[Keszeg] Many abide by the summons to report for military duty only because they are frightened by being told that they would be dismissed from their jobs. Does any director or military person have authority to do so in a civil society?

[Varady] No one has such authority. Refusal to obey a summons has its consequences, the Criminal Code of Laws deals with this matter, and if someone is punished for doing so, he may also suffer further consequences. Being convicted is one of the grounds for terminating a work relationship. But no one can be deprived of his workplace before being convicted, i.e., these threats lack all legal foundations. One could much rather talk about the responsibility of those who make such threats.

Within or Beyond the Border

[Keszeg] From a human standpoint, how do you view the fact that one day they are burying the dead in Kishegyes [Mali Idos], and new summons are being distributed on the next?

[Varady] Quite naturally, the death of anyone comes as a great shock. Before taking a position in this regard I want to find out where the people were taken the day after the mobilization. It would make a difference if they took them for a military exercise rather than to the front. The death of Tibor Sipos is clearly a tragic matter, it is terrible, and as long as I am able to contribute something to this matter, I am going to endeavor to prevent such incidents in the future.

[Keszeg] In other situations reserves stay beyond the country's present borders, e.g., in Batina. How can this be explained from a legal standpoint? And what assurance is there that people are taken only alongside the border, and not beyond the border?

[Varady] The situation regarding Batina is not as clear as it is with respect to Dubrovnik, because units of the Yugoslav People's Army are momentarily staying in Slavonia on a legitimate basis, according to the agreement reached with the UN forces, with the proviso that their full withdrawal is due right now. Accordingly, as long as an army is there, it is conceivable that the personnel of that army undergoes change. Accordingly, there exists a reason or a pretext in this regard. But according to the agreement, the army is going to withdraw in the very near future, and units of the UNPROFOR [UN Protective Force] are going to take its place. I can add here that the federal government is likely to appoint a new Yugoslav official in the place of Borisav Jovic on Tuesday, and it is going to be the function of this official to negotiate with the UNPROFOR forces.

We Have No Constitutional State

[Keszeg] We constantly hear statements to the effect that we live in a constitutional state. If this were true, we probably would not have to talk about trampling on citizens rights. For how long can this situation be sustained, a situation in which politics determine rights and in which laws do not govern political measures?

[Varady] Upon my election as a representative I stated in an interview I granted to NAPLO that one must not start out by assuming that we have a constitutional state, but instead must assume that we do not have a constitutional state and that one must be created. I say the same thing today. I believe that this is not a constitutional state, and creating one is an extremely urgent and important task. But this is also a difficult task. The justice minister must play a role in this, of course, and that role is not just any role. The situation is complicated because we live in an era—one we will transcend soon, I hope—in which brute force prevails. Force tends to loosen the standards of human conduct. Things that happen in Herkoca and elsewhere go to prove only that legality shrinks and the institutions become incapable to act wherever force prevails.

We have been living in a disintegrating Yugoslav federation for a long time, and the symptoms of disintegration included the fact that certain republics—Croatia and Slovenia, and indeed, even Serbia—abided by laws only when they saw fit to do so. An outlook evolved at virtually every level, according to which "a law makes sense only if it favors us." Other methods also exist if it does not favor us. This situation does not benefit in the long run even those who are in power, because they, too, need a constitutional state. But citizens have an even greater need for a constitutional state, because only that can protect them from the arbitrary action of those in power. The constitutional state must be built so as to

encompass every official all the way up to the minister of justice, but the conduct manifested by citizens is also very important. We must not retreat and surrender the idea of protecting their rights. We must stand up for our rights and must take advantage of avenues provided by law. We must not surrender from the outset on grounds that justice is not going to prevail anyway. One has to try. I think this is the way to begin realizing this extremely difficult task.

[Keszeg] This appears to be a difficult task also because in the two republics which comprise Yugoslavia—Serbia and Crna Gora—a strong sentiment not to recognize the federal republic itself prevails. How is it possible to decide federal issues at the federal level under such circumstances, issues that affect the republics?

[Varady] I am aware of the fact that the legitimacy of the entire state is being disputed. And not without reason. This is precisely why we do not expect to take steps toward the constitutional state jointly with these organs, with these parliaments and office holders. Realizing what President Cosic said in parliament is of key importance in my view, notably, to advance the date of parliamentary elections at every level. This also requires that the elections be fair in every respect of course, and this presumes a change in the positions taken by the media and, if not in the positions, at least in the management of the media, and primarily of the television. I believe that the situation of this government itself is transitional. I regard the function of preparing decent elections as a very important function of mine, and meanwhile one must try to at least begin constructing a constitutional state. I do not believe that this process can be completed prior to the elections, but it is very important that order, not chaos, embarks on a growth course.

To Stay Here

[Keszeg] The nationalities issue had been taboo in old Yugoslavia, because, according to its leaders, this issue had been "settled in an exemplary fashion from the standpoint of ideology." Simply put: This has turned into war. National conflicts also pressurize today's Yugoslavia, but meanwhile this doctrine continues to prevail in certain places. I understand that you are going to visit Kosovo next week. What do you expect from these negotiations?

[Varady] Visiting Kosovo with other members of the cabinet has, indeed, been discussed. For now, however, this has been discussed as a possibility only, not as a certainty. Reverting to the beginning of your question, I find it important to emphasize in this regard—just as with respect to the constitutional state—that we must not claim that the nationalities issue had already been resolved, but, instead, we must say that there exists a nationalities issue and that we do have problems that must be resolved. A sense of national exclusivity has increased, and a sense of tolerance—in short supply anyway—has been dwarfed particularly during the past few years to an extent that nationalities in the minority in given areas feel bad and threatened. This situation must be changed. This is partly the function of the

minister of justice, and will be the function of the new minister responsible for human rights and minority rights.

We, the minorities, face an extremely important task before our problems can be resolved—i.e., to live decently, perhaps better than we did before the most recent crisis—and I see a good chance for resolving these problems. This task of ours consists of staying here. We cannot demand schools if we leave, but we can make such demands if we stay. Staying here is our share of the tasks.

[Keszeg] You are also a representative of the Serbian parliament, and thus you have witnessed that occasionally they disregard the grievances voiced by national minorities. There are concerns that we are removing ourselves entirely from the civilized world. What can you, as a Hungarian from the Vojvodina and as the federal minister of justice, do to prevent this from happening?

[Varady] I have already responded to this question in part. I regard the amnesty law as very important; it is not expressly a law to protect the minorities, but it also protects minorities. Not only Hungarians, Slovaks, Ruthenians, and Romanians refused to abide by the summons, but also a good number of Serbs. Many Hungarians have objected, and there are many who do not return because they fear the consequences.

Issues pertaining to the administration of justice and language use must also be dealt with by the minister of justice. I should also mention the fact that a committee dealing with human rights and minorities has also been established at the level of Serbia, and I am a member of that committee. At the most recent meeting of that committee I recommended that every proposed solution—thus also the proposals advanced by the VMDK [Democratic Union of Hungarians in the Vojvodina] and others—be paid serious attention, and be discussed in good faith. Even the foreign policy situation stimulates people on all sides to deal with this issue. Although I do not see a guarantee for resolving this problem, I recognize a chance for beginning to resolve these problems in the near future.

Being Different, as a Chance

[Keszeg] Has the consideration of this chance played a role in your acceptance of an office in the Panic cabinet?

[Varady] This was obviously one of the reasons. Mr. Panic thinks and talks differently than the politicians of recent years. I believe that many were stunned by his gestures, his tenor, the manner in which he delivers a political speech, and most likely also by the way he proceeds as a politician. This difference provides a chance, in my view. I have not seen a similar chance in recent years. Accordingly, at present there is a chance to make a change, for things to begin to move. I am not convinced that this is actually going to take place, but for the first time in many long years I recognize a realistic opportunity for this. Since they offered me to be part of

these changes, I will try to add my brain and my knowledge to this process. It is yet to be seen whether this will suffice.

[Keszeg] Do you think that the Yugoslav Federal Republic is going to have sufficient strength to establish the foundations of a constitutional state during the two weeks of Bosnian armistice?

[Varady] We must first see whether there is going to be a two-week armistice in Bosnia. This expression has not always produced peace in this region. We have witnessed a rather short-lived armistice quite a few times. I foster hopes, of course, but caution and sobriety suggest that I wait to see the results.

Undoubtedly, an armistice in Bosnia and a relative peace—and even more so, full peace—would make it substantially easier for us to embark on the path of stability and a constitutional state.

[Keszeg] Most of those who do not want to fight are afraid of being dispatched to Bosnia as “volunteers,” because this has already happened, even though it is being denied.

[Varady] At this moment Yugoslav authorities firmly state that they are not sending anyone to Bosnia. Doing so would conflict not only with the position taken by the Yugoslav Government, but also with legal provisions in force in Yugoslavia. I believe that anyone sending a soldier to Bosnia today in order to fight commits a criminal act. Let us make one thing clear: Bosnia is another country by now, and the soldiers of this country cannot be taken to another country.

[Keszeg] I am raising the following question to you, also in your capacity as an expert in international law. Is it possible to do justice between the divided Yugoslav republics? Does the minister of justice have authority to do so?

[Varady] No, this is the foreign minister's function. A government committee is going to be formed in the near future to perform the extremely difficult task of discussing the distribution of the assets of the former Yugoslavia, this being one of the disputed issues. This issue is difficult but

not impossible to resolve. If we indeed reach a point where we have a lasting armistice, we are going to be able to begin dissecting every disputed issue. I do not rule out the possibility that certain issues can only be resolved by the international court of justice.

[Keszeg] Would one of these be the issue of whether or not the Yugoslav Federal Republic represents legal continuity from Yugoslavia?

[Varady] Yes, insofar as one can foresee the situation.

Jan-May 1992 Economic Indicators Studied

92CH0871A Budapest TOZSDE KURIR in Hungarian
30 Jul 92 p 8

[Article by j.v.: “Economic Statistical Indicators, January-May 1992”]

[Text] During the past several decades, economic policymakers have thought in terms of annual cycles consistent with the logic of the planned economy, and attributed significance to monthly changes (in the course of a given year) only to the extent that such changes cast doubt on the realistic character and feasibility of goals set by the plan.

In market economies, economic policymakers concentrate on the fluctuation of the business cycle irrespective of calendar years, and attribute great significance to monthly changes in the business cycle. Correspondingly, indexes showing changes are stated not only and not primarily on the basis of the previous year's performance, but instead of the previous month's data. In this framework, data developed on a monthly comparative base fulfill their purpose only if fluctuations stemming from the changing number of workdays and from seasonal effects are deleted.

In today's Hungary, market conditions have not sufficiently developed, and statistical data are not sufficiently sensitive to permit one to draw far-ranging conclusions from changes amounting to a few tenths of 1 percent in one or a few of these indexes. Nevertheless, violent changes in several indexes in the same direction could dispel our doubts.

Monthly Changes in Economic Statistical Indexes

	January	February	March	April	May
Volume of industrial production ¹	98.9	104.7	98.2	98.0	97.9
Retail sales volume ¹	—	100.7	96.5	107.9	89.6
Foreign Trade Balance (billions of forints)	—	—	+ 29.9 ²	+ 19.1	- 4.7
Number of registered unemployed (thousands)	+ 36.4	+ 12.1	+ 23.4	+ 24.1	+ 20.6
Unemployment rate	8.2	8.4	8.9	9.3	9.7
Budget deficit (billions of forints)	19.2	17.6	10.6	19.3	12.0

¹Index figures purged of seasonal effects

²January through March combined.

Disregarding a few accidental deviations, this table shows that during the first five months of the year the decline of real economic processes that began in 1989 continues, mostly in the form of declining industrial production, increased unemployment, and the monotonous growth of the budget deficit. Foreign trade is the encouraging exception. Both exports and import increased substantially in 1991. During the first five months of this year imports dropped by about 18 percent, while exports, following four months of steady expansion, dropped in May from the previous month's level to a point where a small import surplus evolved.

Foreign tourism revenues and expenditures that affect domestic demand declined during the first four months of the year as compared to the previous year; within that, expenditures declined more than revenues. The international tourism balance shows a 7.4-billion-forint surplus, which is 2.2 billion forints more than during the same period in 1991.

Inflationary pressure has become noticeably more moderate during the first half of the year. Although price levels rise month after month, they do so at a declining pace; as compared to 1991, an approximate 10-percent decline in the inflation rate occurred during the first half of the year. A change in market interest rates can also be recorded.

Monthly Changes

	Consumer	Domestic Industrial Sales	Monthly Market Interest Rates ¹
	Price Index		
January	103.2	101.6	36.0
February	102.7	100.8	36.1
March	101.9	101.4	35.5
April	101.3	100.9	25.5
May	101.5 ²	101.1	35.6

¹On credit maturing in less than one year.

²June as a percentage of May: 100.6.

The slow decline of interest rates began as a result of moderating inflation and an abundant liquidity that has evolved in the banking system. In April, short-term credits on loans granted within the entrepreneurial sphere carried interest rates of between 22.8 percent and 46.5 percent. A significant decline in interest rates did not occur insofar as entrepreneurs were concerned, but at the interbank money market and regarding discounted treasury certificates.

As compared to last year, consumer demand may be expected to decline further: In terms of real value this amounts to a decline of approximately 3 percent. Let us add here: The economic crisis has lasted ever since 1988, and this is the fourth critical year. A halt at the dead center, perhaps a breakthrough out of the dead center may occur in 1993, (as that is also indicated by competent forecasts). This is well indicated by the volume of open contracts at the construction industry—the industry branch most sensitive to the business cycle.

* * *

Notes:

The index figures applicable to industrial production and retail sales include data relative to large, medium-size, and small units.

Foreign trade: the movement of products crossing the country's customs border at official foreign exchange rates, at border parity, with freight calculated in advance.

Interest rates on loans: the weighted monthly average (not including miscellaneous expenditures) based on individual agreements reached between commercial banks and specialized financial institutions on the one hand, and enterprises and entrepreneurs on the other.

Source: MONTHLY STATISTICAL REPORTS, No. 4, 1992. KSH [Central Statistical Office], Budapest: TAJEKOZTATO, May 1992. Hungarian National Bank: Monthly report. February 1992.

Profound Polish-Czech Differences on Farm Trade

92EP0627C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 8-9 Aug 92 p 1

[Article by Mariusz Pawlowski: "Vegetables for Beer"]

[Text] "Talks about the liberalization of the farm trade between Poland and Czechoslovakia are very difficult. We have the impression that our neighbors not only do not care about our cooperation, but actually strive to protect their market from outside goods as much as they can," said Jan Rowinski, chairman of the Polish MRiGZ [Ministry of Agriculture and the Food Industry] delegation, which has participated in the Prague conference of the "Visegrad Triangle."

According to the tripartite agreement between Poland, Czechoslovakia, and Hungary, they were supposed to work out not only the general principles of their regional cooperation, but also the rules of farm trade. What the authors of the agreement had in mind was that the sides would make bilateral lists of the most favored goods.

Poland's offer to Czechoslovakia at the Prague conference included its traditional agricultural export commodities—starch, rape seed and rape oil, potatoes, sugar, molasses, tobacco, and grain. As it turned out, our southern neighbors were interested only in vegetables, of which they had a shortage. They would accept other products only if the general rules of trade were applied to them, that is customs fees and so-called compensation fees. The latter would amount to a trade barrier for most of these products.

The second failure of the conference was the lack of the grain trade agreement, which normally would open markets for other commodities—meat, poultry, and dairy products.

The Czechoslovak side has raised objections with regard to the Polish tobacco offer. It claimed that the Polish cigarettes, made partly of the raw material imported from the West, neither deserved the label of a domestic product nor followed so-called rules of origin (designed to check out the goods offered by both sides). According to the delegation's chairman Jan Rowinski, the fact that the Czechs would even bring up such an issue indicates the lack of good will on their part, necessary to conduct negotiations.

The Czechoslovak offer to Poland comprised of beer. The Czechs would be more than glad to sell Poland about 10 percent of what the Polish breweries make yearly, since they have plenty of beer.

The value of trade between Poland and Czechoslovakia has reached \$1.2 billion in 1991. Czechoslovakia was Poland's sixth foreign trade partner, as far as the volume of trade was concerned, after Germany, the Commonwealth of Independent States, Great Britain, Austria, and Sweden.

Last year Poland imported from Czechoslovakia electric-machine industry products (cars, equipment for the dairy industry, and ball-bearings), steel industry products (float glass), and food industry products. In return, Poland exported mining machinery, harvest combines, refrigerating equipment, industrial cranes, household goods, food, and agricultural raw materials.

Foreign Investment, Bilateral Trade Discussed

92EP0623A Warsaw RYNKI ZAGRANICZNE in Polish No 97, 13 Aug 92 p 8

[Interview with Tony Gooch, first secretary of the Embassy of Great Britain in Warsaw, by Marek Slawatyniec; place and date not given: "Poland Has a Chance"]

[Text] [RYNKI ZAGRANICZNE] What is your view of the current economic situation of Poland, especially in the context of bilateral trade and British investment in our country?

[Gooch] First of all, I must stress that I do not consider myself an expert on the Polish economy. Of course, I look at the economic situation on the banks of the Vistula from the angle of British trade and investment by virtue of my responsibilities. For some time now, bilateral trade has been developing rapidly.

I have just familiarized myself with the latest data on the volume of Polish-British trade. Compared to the corresponding period of last year, its volume has increased by about 40 percent in the last five months. Meanwhile, we should recall that in 1991, the volume was as much as 60 percent higher than in 1990. The situation is improving in favor of Poland, because for a while now Polish exports to the United Kingdom have been growing faster than imports from Great Britain.

We are registering a high rate of growth of bilateral trade in virtually all groups of goods and services. From the British point of view, the relatively low percentage of consumer goods from the United Kingdom on the Polish market is the only drawback.

As far as investment is concerned, we should note that several large British companies such as, for example, Unilever and British Sugar have already invested considerable amounts of capital on the banks of the Vistula. We are not among the leaders in the "league" of foreign investors operating in Poland. However, many major undertakings are now being negotiated that may result in the situation to date changing in our favor very soon. I think that this is closely associated with the condition of the Polish economy.

Proceeding from my own observations, I believe that the level of economic activity in your country is considerably higher than one could conclude on the basis of statistical data (a majority of representatives of British companies in Poland subscribe to this assessment). The development of bilateral trade confirms this statement.

It is important that, as it appears, inflation has been slowed down to a considerable degree, whereas the budget deficit may still not be as large as the latest, quite pessimistic predictions would suggest.

[RYNKI ZAGRANICZNE] To your mind, what are the greatest obstacles to the development of bilateral trade and to increasing British investment in Poland?

[Gooch] This may sound strange, but the uncertainty of British businessmen as to the value of the Polish currency, which results from a lack of adequate knowledge of the situation in your country, and at times, plain ignorance, are perhaps the greatest constraints. Many British businessmen arrive here convinced that the zloty still is not convertible. We have to explain that, from the point of view of trade transactions, there are no fundamental differences between the zloty and any Western currency. Apprehensions are due to specific causes. I mean two sharp devaluations, and the fact that at present, the zloty is continuously losing value against a basket of currencies.

I believe a lack of government guarantees or export credits becomes an essential constraint. However, at the same time, quite a few British companies are capable of solving this problem by, for example, establishing joint ventures with partners from third countries that have access to such credit at home. Therefore, we should not exaggerate, as is sometimes the case, and ascribe the greatest significance to this factor.

I think that the introduction of quality control for certain products is likewise a problematic constraint. In all likelihood, many exporters are not aware of which items are subject to control. Besides, in some cases, the standards used exceed those established in the EEC. To my mind, this is not a problem which cannot be solved. This

is mainly an issue of streamlining the flow of information. It is just that we must gain a good knowledge of Polish regulations that set forth quality standards for imported goods. As the process of the economic integration between Poland and the EEC develops, Polish standards should be brought into line with those of the Common Market, which will undoubtedly make it easier for our exporters to develop markets here.

With regard to investment, the not-so-stable political situation in Poland undoubtedly still discourages the British from investing capital on the banks of the Vistula on a considerable scale, just as the frequently changing regulations and the unsettled issues of deeds to property may discourage the purchasing of particular Polish enterprises.

[RYNKI ZAGRANICZNE] Do you believe that there is a chance for the restoration of British Government guarantees for exports to Poland?

[Gooch] The reduction of Polish debt to the Club of Paris by 50 percent has been received very favorably in Great Britain. I believe that the pronounced signs of improvement in the economic situation point to a greater possibility of signing an agreement with the IMF soon. This is the first preliminary condition which should be met for the Government of the United Kingdom to be able to once again consider the issue of restoring export credit.

Finalizing negotiations with the Club of London successfully is another preliminary condition. Ultimately, the decision of the Government of the United Kingdom concerning the possible renewal of credit guarantees for exports to Poland will depend on the evaluation of the ability of the Polish economy to service debts.

[RYNKI ZAGRANICZNE] Thank you for the interview.

NSF, CD Policies on National Defense Compared
92P20393A Bucharest AZI in Romanian 21 Aug 92 pp 1-2

[Article by Florin Diaconu: "Guarantees for National Defense"]

[Text] Now, on the eve of the parliamentary and presidential elections, we have the opportunity—and, in equal measure, the obligation—to inform ourselves about an essential aspect of the election offerings (and, therefore, of the potential programs for governing) with which the many competing parties, coalitions, and personalities are "bombarding" us: national defense.

In a period in which, at least here, in Eastern Europe—but not only in this area, obviously—the national spirit is being revived, whether we like it or not, the old tensions between nations and national states are also being revived and other new political, economic, and ethnic tensions and conflicts are appearing which oppose some national states to others, it would be a sign of political irresponsibility to ignore national defense issues.

The future parliament, the future government, and the future president will have to solve this problem of affirming, defending, and guaranteeing the interests of the entire nation and of the indivisible national state which is Romania. Affirming is not difficult for such skillful politicians. But the words are not enough. Also, defending is not sufficient; we need the solid and clear guarantees of a national defense policy. Of course, inner resources are irreplaceable in such a policy. So far, no one has come to guard our borders against any possible aggression. Cradling ourselves in the illusion that today we can guarantee our national defense exclusively by our own resources seems to me to be not only unrealistic but also dangerous. From the demographic point of view—and also, perhaps, from the technical point of view—we could be capable of repulsing aggression from small neighbors, perhaps even two of them at the same time (for example—and I am emphasizing that this is only a hypothetical example—a combined Hungarian-Bulgarian attack). The problem of a potential conflict with Ukraine would be an entirely different situation. (Ukraine would destroy us with its troops—let us not forget that it is a nation of 52 million people—and with the quantity and quality of combat technology it possesses.)

Thus, it is clear that we need—and very quickly—full guarantees that an attack against us is practically impossible (and that, if an attack should occur, for any reason, it can be stopped long before it can cause us irreparable

damage). Our domestic resources alone cannot offer us such guarantees. It makes no sense for us to drift along on the illusion which the Democratic National Salvation Front—and others on the far left—offer us—(that a general military callup, under the leadership of the Supreme Defense Council, would be sufficient. We cannot allow there to be a long defensive war, waged solely with the traditional resources of the struggle of the entire people, because, at its end, in the best scenario, we would emerge victorious in a country which has been destroyed). Also, it makes no sense for us to drift along on the illusion which the Democratic Convention proposes (saying that a professional army, alone, would be able to guarantee the existence and integrity of the nation, automatically and unfailingly).

However, we have to consider, as seriously as possible, the combined solution which the National Salvation Front proposes, stating that "Romania is alone and sovereign within its borders, not through isolation, but through partners and allies." This means that the Romanian state has the obligation—to each one of us—to carry out, as soon as possible, a system of political-military and economic alliances that will guarantee both the inviolability of the borders and the full restoration of national unity. Therefore, we need strong partners and allies. Close ties with these partners and allies, the technical integration of the national defense structures in a mechanism with much greater possibilities—than only the North Atlantic world has—correlated with the establishment, the development, and the instruction and equipping in a modern way of a nucleus of professional troops (which will supplement the traditional military system, but not to replace it or eliminate it): This represents the only appropriate solution that will truly guarantee national defense and security.

Therefore, we have to vote for that party which has already proposed for us new privileged relations with the great democracies of the West, with our traditional and natural allies: the United States, Germany, France, and Great Britain. And let us not forget, for a moment, that such alliances helped us—in the 1916-19 period—to achieve and defend the Great Union of Principalities and that the disappearance of such relations of alliance and partnership with the democratic West led us—in 1940—to three extensive and heart-rending surrenders of territory: Bessarabia, Transylvania, and the Quadrilateral. Let us not forget that we can defend the national entity only as allies and partners of the civilized, powerful, and democratic West.

Paris Paper Cited on Muslim Abuse of Serbs

92BA1361A *Belgrade POLITIKA in Serbo-Croatian*
23 Aug 92 p 2

[Unattributed article: "LIBERATION of Paris on Situation in Bosnia-Herzegovina: Izetbegovic Carrying Out Ethnic Cleansing"—first paragraph is POLITIKA introduction]

[Text] Paris, 22 Aug (TANJUG)—The Paris newspaper LIBERATION alleges today that the "Muslim authorities of Bosnia-Herzegovina [B-H] are carrying out a policy of ethnic cleansing, even though they stubbornly deny such charges." The motivation behind this conclusion was a recent exchange of prisoners, about which the newspaper's special reporter in Sarajevo, Didier Francois, alleges that this actually serves the goals of the policy of Alija Izetbegovic....

After a visit to the military prison in Sarajevo, the reporter emphasizes that the "prisoners of Serbian nationality bear no resemblance to soldiers; they are actually ordinary citizens arrested for the purpose of exchange." He attests to inhumane prison conditions and treatment of the Serbs, many of whom, he says, bear visible marks, such as "shattered cheekbones, huge welts all over their bodies, broken arms, and the like." However, he adds, the Muslim guards assure visitors that the "Serbs are beating each other up," which the French journalist described as "contemptible cynicism." For example, he spoke with a certain Mladenko Odzakovic who, in her own words, was arrested simply because of her membership in the Serbian Democratic Party, which is now being treated as a terrorist organization in Bosnia-Herzegovina. According to her words and to the testimony of several arrested women from the same cell, "the Muslims are informing on their Serb neighbors en masse, accusing them of concealing a fifth column." The majority of the prisoners, she adds, have been in prison for months now without any indictment, because of which many have fallen into depression.

Especially moving is the LIBERATION journalist's description of his meeting with a—in his words—fragile old woman in her seventies, dressed in black. She was arrested simply because she went looking for her son, who is positioned somewhere on the Serbian front above Sarajevo. Didier Francois adds that as an explanation for her detainment in the prison he was told cynically "that the old woman was signaling the Serbian artillery about targets in Sarajevo that should be fired upon."

New Novi Sad Mayor on Minorities, Refugees

92BA1282A *Novi Sad MAGYAR SZO in Hungarian*
17 Jul 92 p 6

[Interview with Novi Sad Mayor Vladimir Divjakovic by Klara Orosz; place and date not given: "Democracy Has To Be Cherished"—first paragraph is MAGYAR SZO introduction]

[Text] The Socialist Party of Serbia scored a resounding victory in the municipal election in Ujvidek [Novi Sad], winning 58 of the 70 seats on the municipal council. Then one of the 58 Socialist councilmen was elected mayor. He is Dr. Vladimir Divjakovic, a professor on the Faculty of Natural Sciences and chairman of the Socialist Party's Ujvidek organization. The first question we put to the mayor in our interview with him concerned the composition of the new municipal council.

[Orosz] Do you regard as democratic an election in which the largest opposition parties did not participate, and to what extent is a municipal council a multiparty one if Socialist councilmen occupy 58 of the 70 seats on it?

[Divjakovic] Several parties contested the election. What is essential is that every party had an opportunity to participate in it. Therefore the election can be said to have been democratic. But much closer cooperation will be necessary in the future. That would provide the prerequisites for every party's participation in the next election and would enable even those citizens to cast their ballots who did not vote in the present election. The municipal council's present composition has been determined by the second round of voting. We had not expected such an overwhelming victory. Of course, a more proportional distribution of the seats would have been better and would have enhanced the democratic character of the election. But the population elected the councilmen who are now in office, and I am confident that they will strive to solve the problems.

[Orosz] In view of the fact that half of the population had not participated in the election and had not voted for the councilmen, who in their turn elected you mayor, do you feel that you are every Ujvidek citizen's mayor?

[Divjakovic] In this round I feel that I am every citizen's mayor. In office I will strive to represent the interests of all citizens. I think it is important that free multiparty elections have started at the municipal level, and that the general situation will determine when new elections are held. In any event, democracy has to be cherished and studied.

[Orosz] What are the most important tasks confronting the new municipal council?

[Divjakovic] Aside from the blockade, the financial difficulties and other problems, we must strive to ensure the city's development, or at least to maintain the level of development already achieved. What awaits us first of all is the solution of problems pertaining to public utilities: the expansion of the water supply, gas mains and sewer network; the cleanup of illegal dumps; and traffic regulation, including the completion of the road linking Ujtelep to Hereskert. I consider environmental protection important, and therefore I will advocate the expansion of pedestrian malls and green belts. Regrettably, our welfare problems are mounting, and their solution must be given preference. Suitable welfare programs must provide a safety net.

[Orosz] Can anything be done at all for the city's development considering the general paucity of funds?

[Divjakovic] Ujvidek has undergone intensive development during the past 20 years, and we certainly cannot maintain that rate of development under present conditions. We will identify the vital problems and then strive to solve them. They include, for instance, maintaining the welfare system and ensuring the smooth operation of institutions for preschoolers and of the schools.

[Orosz] How will it be possible to preserve the peace and mutual tolerance between nations and national minorities that has always been typical of Ujvidek?

[Divjakovic] People will have to speak frankly in order to understand and respect one another, regardless of their national affiliation and religion. We must encourage a tolerant dialogue. In my opinion, good relations between nations have not been upset even now in Ujvidek, and men of good will must strive to keep things that way.

[Orosz] What is your opinion of the security situation in our area? Have you heard of pressure being exerted on other nationalities—on the Croats of Karloca [Sremski Karlovci] and Petrovarad [Petrovaradin], for instance—to force them to move away from here?

[Divjakovic] I do not know of any such cases. Anyhow, in my opinion, no one can be allowed to exert pressure against a member of any nation or nationality. Nothing justifies doing something like that. After all, we are able to live together in harmony, the way we have been doing up to now.

[Orosz] According to official figures, there are about 30,000 refugees on record in Ujvidek. Does the city have sufficient material resources to aid those people?

[Divjakovic] The largest number of refugees has been recorded here in Ujvidek. That can be explained by the city's geographic location—i.e., by its proximity to the war zones. And also by the fact that many refugees from Croatia and Bosnia have relatives or friends living here. Therefore more than 90 percent of the refugees are housed with families. But it is becoming more and more difficult to provide accommodations for the rest, mainly university students. The number of Bosnian refugees who would like to return to their homes increased a week ago. The return is being organized of about 5,000 refugees to Banjaluka in the near future.

[Orosz] What is the new mayor's stand regarding the status of Ujvidek?

[Divjakovic] I will fight to gain, as soon as possible, official recognition of Ujvidek's status as a city. It is really superfluous to list the reasons for it. After all, Ujvidek already meets all the criteria of a city. It is a developed and large settlement and the seat of significant scientific and cultural institutions. The funds that the pertinent law provides for municipalities are not enough to solve the infrastructural and other problems of

a settlement of this size. Therefore I truly regard as important that we be recognized officially as a city, because the question of financial grants is closely linked to it. The needs of a locality with 300,000 residents are quite different from the needs of a municipality that is ten times smaller. In my opinion, the question of funding for specific scientific and cultural institutions will have to be solved at the federal level in the future.

Vojvodina Residents Seek Refuge From Mobilization

92BA1283B Novi Sad MAGYAR SZO in Hungarian
19 Jul 92 p 5

[Article by B.G.: "Many Temerin Residents Did Not Report for Military Service"]

[Text] Temerin residents who were subject to mobilization sought refuge in the offices of the VMDK [Democratic Union of Hungarians in Vojvodina] late Friday night, ignoring the mobilization order. The draft dodgers who sought refuge (about 15 of them slept in the corridor of the building formerly occupied by voluntary public associations and political organizations) remained in front of the cultural center or in the premises of the VMDK Saturday morning. Those who heeded their mobilization notices left Temerin around 0800 on Saturday. Only half of those liable to mobilization answered the roll call. A large proportion of ethnic Hungarians dodged the mobilization (out of a total of 55, only 10 or 15 reported for military service), but there were also Serbs among the dodgers.

At the time we filed our report, no decision had yet been made about how long the protesters and draft dodgers would remain under the protection of the VMDK. A joint decision about it is expected, probably Saturday evening or Sunday. The authorities had not disturbed the group during the forenoon. The group's size varied constantly, but there were always between 20 and 30 persons present. Those who newly joined the group brought unconfirmed reports that mobilization in the municipality was continuing, presumably to reach full strength, because only one of the two buses sent for the Temerin residents liable to mobilization had been filled.

We learned that officials of the municipal council, and of the territorial defense and national defense departments, will be visiting the Temerin reservists on Tuesday, in the vicinity of Sremska Mitrovica. The officials will also deliver small parcels and letters, which relatives may hand over to the doorman at the town hall, between 1400 Monday and 0800 Tuesday.

Subotica Hungarians Protest to Serbian Leader

92BA1282C Novi Sad MAGYAR SZO in Hungarian
15 Jul 92 p 7

[Open letter from the Subotica District branch of the Democratic Union of Hungarians in Vojvodina to Serbian Prime Minister Radoman Bozovic; date not given: "Hypocritical Policies"]

[Text] The annual meeting of the Szabadka [Subotica] District branch of the VMDK [Democratic Union of Hungarians in Vojvodina] sent an open letter to Dr. Radoman Bozovic, Serbia's prime minister. In its letter the Szabadka District branch of the VMDK establishes:

"We are forced to speak out with deep indignation and bitterness about the hypocritical policies of the current Serbian power structure, namely of the Serbian Government, over which you are presiding as its prime minister. That power structure brazenly speaks before the world of its own passionate desire for peace, claiming that Serbia is not at war with anyone and none of our citizens is deployed as a soldier on another country's territory, yet here at home it is continuing the military mobilization with intensified effort. That mobilization is directed primarily against dissidents and the minorities. Several thousand mobilization notices have been served recently in Vojvodina, mainly in areas inhabited by ethnic Hungarians. We have been shocked and saddened to learn that three Vojvodina conscripts—one of them an ethnic Hungarian from Szabadka—were killed on the Dubrovnik battlefield just recently, while you people kept repeating to the world that Serbia is not at war with anyone and none of its citizens is deployed as a soldier on another country's territory.

"We condemn the power structure's psychological warfare against the ethnic Hungarians in Vojvodina, and your hypocritical policies. We demand most forcefully an immediate end to the unlawful and arbitrary mobilization, and the return home of those who recently have been taken away through intimidation and other forms of pressure.

"Through the mass media, we are informing domestic and foreign public opinion about the contents of our letter and are sending copies of it to the appropriate international forums as well," reads the open letter from the Szabadka District branch of the VMDK.

Hungarian Newspaper Editor Denounces School Law
92BA1283C Novi Sad MAGYAR SZO in Hungarian
19 Jul 92 p 1

[Open letter to the president of Serbia by Sandor Balint, editor in chief of MAGYAR SZO: "Mr. President, I Protest!"]

[Text] In May 1992 you exercised your veto power and sent back to the Serbian parliament to amend and consider anew the bill it had passed on elementary and secondary schools. Your reason for doing so was that the bill's provisions regulating the formation of minority sections were in conflict with rights guaranteed in the Constitution. The Serbian parliament has now removed the restriction that would have allowed the establishment of elementary- and secondary-school sections with instruction in a minority language only where the given minority language was recognized as an official language. But the parliament's latest decision sets the statutory minimum number of students for the establishment and operation of minority sections at 15. That

limit is too high. The Slovak, Romanian, and Ruthenian minorities will find that limit practically impossible to meet, and we Hungarian will just barely be able to qualify. For, according to the revised bill just enacted, a minority section may be established in an elementary or secondary school only if at least 15 students enroll in the section. Otherwise the permission of the Serbian Government, or of the minister of education, is required to operate sections with fewer students. Thus the parliament removed one restriction, but has introduced another one, heralding it as an enormous concession to the minorities. Some people are playing tricks on us at our expense, attempting to present their seeming graciousness as something we ought to welcome as a unique achievement.

By all indications, your goodwill has proven not enough or just went so far. For what we are now getting is less than what had been in force before.

For my part, I have always approved of instances where the state spared no expense and effort to organize instruction in their native language for just one, two, three, and perhaps five or six Serbian, Hungarian, or other ethnic minority children in elementary school. The more so because it is a statutory obligation to attend elementary school. If that is true, then no one may set any restrictive conditions regarding that obligation. That is the way things have always been up to now. In comparison with past practice, therefore, the bill just enacted is a step backward. After the Language Law, yet another discriminatory law is being inflicted on us minorities!

Mr. President, I protest. Because the Language Law, and now also the School Law, are demoting us to second-class citizens or perhaps citizens of even lower rank.

I protest, because implementation of this law will mean the cessation of more than 60 percent of the elementary schools' Hungarian sections. Instruction in their native language will not be available to ethnic Hungarian children even in localities such as, for instance, Pancsova [Pancevo], Zombor [Sombor], Zrenjanin, Verbasz [Vrbas], or Versec [Vrsac] where—parallel with the schools in which Serbian is the language of instruction—Hungarian sections have been operating for more than 100 years.

Mr. President, the merged and combined lower sections will cease in more than 25 smaller villages. In 15 to 20 larger localities it will not be possible to form classes of at least 15 students each.

Because of the war, millions have been forced to abandon the family hearth, around which their lives centered. Besides the family hearth, the school is the other cohesive force that has held our settlements together. The closure of our schools, and of our school sections with few students, will deprive us of our future and make our lives meaningless.

Mr. President, in the interest of the ethnic minorities' survival, please exercise your veto power once again, to prevent the implementation of the new Law on Elementary Schools!

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